| | | | | | |
|---|---|---|---|---|---|
| Austria | Sch 20 | Indonesia | Rp 2500 | Portugal | Esc 80 |
| Bahrain | Din 0.650 | Italy | L 1500 | S. Arabia | Rls 6.00 |
| Belgium | BFr 45 | Japan | Y 550 | Singapore | S$ 4.10 |
| Canada | C$1.00 | Jordan | Fils 500 | Spain | Pta 125 |
| Cyprus | C£0.70 | Kuwait | Fils 500 | Sri Lanka | Rup 30 |
| Denmark | DKr 8.00 | Lebanon | L£ 25.00 | Sweden | SKr 7.00 |
| Egypt | E£1.80 | Luxembourg | LFr 45 | Switzerland | SFr 7.20 |
| Finland | Fmk 6.50 | Malaysia | Rm 4.75 | Taiwan | NT $65 |
| France | FFr 6.00 | Mexico | Pes 300 | Tunisia | Din 0.600 |
| Germany | DM 2.20 | Morocco | Dh 8.00 | Turkey | L 750 |
| Greece | Dr 80 | Netherlands | Fl 2.75 | U.A.E. | Dh 6.50 |
| Hong Kong | HK$ 12 | Norway | NKr 7.80 | U.S.A. | $1.00 |
| India | Rup 15 | Philippines | Pes 20 | | |

# FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 29,964 — Thursday June 26 1986 — D 8523 B


Under the spell of the triple witching hour, Page 12

## World news

# Israeli security chief resigns

Israeli internal security chief Avraham Shalom resigned after he was granted immunity from prosecution by President Herzog, calling into question a police inquiry into allegations that he ordered the killing of two captured Arab guerrillas.

Three other security men involved in the cover-up of the deaths have also been granted immunity in an attempt to take the sting out of the scandal.

The move brought a storm of protest among members of the Knesset concerned about the observance of the rule of law. Page 3.

### Violent welcome

Exiled opposition leader Domingo Laino was beaten by police at Asuncion Airport when be attempted to return to Paraguay, and was forced to go back to Uruguay, oppeonents of the regime said.

### Death row appeal

A second application to delay the executions of two Australians sentenced to hang for drug trafficking in Malaysia was filed, and may be heard tomorrow.

### EEC butter peak

A record 100,000 tonnes of butter entered the European Community's cold stores last month, swelling its butter "mountain" to a record high of 1.3m tonnes.

### Strikers rampage

French shipyard workers ripped up railway lines, blocked traffic and occupied town halls in Sourther France in protest at Government cuts in subsidies to the industry.

### Peace bid marred

President Jayawardene unveiled a plan to devolve powers to privincial councils in a bid to end Sri Lanka's bloody ethnic conflict as violence killed 19 and wounded 61.

### Kenyans to hang

Two men were sentenced to death for the murder of Kenyan MP Horace Owiti. Prosecutors said he was clubbed to death on the instructions of former Government Minister Otieno Ambala, who lost his parliamentary seat to Owieti but died in jail before the trial.

### Tito's widow barred

Jovanka Broz, widow of the late Yugoslav Leader, was barred from the national Communist Party conference at Belgrade. She is involved in a dispute about his estate, and bas been seeking to see party leaders.

### Zimbabwe row

The Zimbabwe High Court has asked the Security Minister to justify the re-arrest of two white customs officers twice freed by the Supreme Court after being accused of spying for South Africa.

### Divorce plea

Garret FitzGerald, Irish Prima Minister, appealed to Irish voters not to reject proposals to introduce divorce in a referendum today following an opinion poll showing it might be defeated by a significant margin. Page 2

### Manila aid

US Secretary of State George Shultz banded over $200m in aid to the Philippines and shrugged off high-level criticism from Manila it was rent for military bases, not assistance.

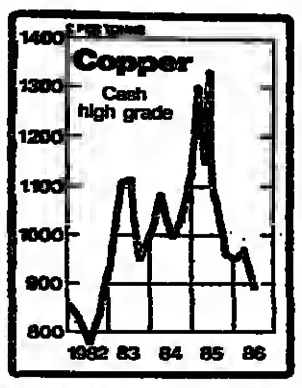
### Briefings halted

South Africa suspended daily press briefings on political unrest, claiming it has declined sharply since a national state of emergency was imposed two weeks ago.

## Business summary

# Copper at 3-year low in London

**COPPER** cash price fell £22 to a 3½-year low of £897.50 a tonne on sterling strength against the dollar and news of Newmont Mining of the US's tentative agreement with its workers. Page 26





**WALL STREET:** The Dow Jones industrial average closed 9.50 up at 1,885.05. Page 34

**TOKYO:** Expectations of lower interest rates spurred the Nikkei average to a record 17,516.63, up 174.23. Page 34

**LONDON:** Equities resumed last week's rise in the wake of Wall Street's improvement on Tuesday. The FT Ordinary share index closed 5.4 up at 1,344.8 and the FT-SE 100 added 4.5 to end at 1,633.4. Page 34

**DOLLAR** fell in London to DM 2.2160 (DM 2.2220); FFr 7.0650 (FFr 7.0825); SFr 1.1875 (SFr 1.8220), and Y166.00 (Y166.60). On Bank of England figures the dollar's index fell to 115.0 from 115.5. Page 27

**STERLING** was unchanged in London to close at $1.5170. It fell to DM 3.3625 (DM 3.3700); FFr 10.7175 (FFr 10.7450); SFr 2.7575 (SFr 2.7650), and Y251.75 (Y25.75). The pound's exchange rate index rose 0.3 to 76.1. Page 27

**GOLD** rose $1 to $344.25 on the London bullion market. It also rose in Zurich to $344.25 from $242.20. Page 26.

**HUNGARY'S** 1.2 per cent industrial growth rate in the first five months of the year fell considerably short of the 2 to 2.5 per cent 1986 target. Page 2

**FRENCH** steel industry must lose 25,000 jobs over the next five years to become internationally competitive, the French Government was told. Page 2

**KREDIETBANK S.A.** Luxembourgeoise, associate of a big Belgian banking group, brought a stake of just over 20 per cent in Brown Shipley, UK accepting house, from Henry Ansbacher Holdings of London and GBL of Brussels in a £34.1m deal. Page 14

**BRITAIN** imposed control on the price of salt. Page 14

**UK COMPUTER** software companies say a government report seriously misrepresents the industry by calling for measures to reverse the foreign domination of the UK market. Page 5

**CABLE AND WIRELESS,** the telecommunications group, reported pre-tax profits up 20 per cent at £295m on turnover up 5 per cent at £907m. Lex, Page 14; Page 20

**GEC AVIONICS** said it was close to solving radar problems on the Nimrod airborne early warning project and could put three Nimrods into RAF service by the end of 1987. Page 5

**TOYOTA MOTOR,** Japan's largest car maker, announced a third price rise in less than a year for its European exports. Page 4

**RUPERT MURDOCH'S** News Corporation is expected to announce the sale of the Chicago Sun-Times within the next few days. Page 15

**FIAT,** the Italian car company, and Matra, the French state-controlled defence and electronics conglomerate, heve been given tacit approval by the French Government to merge their components manufacturing activities. Page 15

**IRI,** Italy's largest state holding company, expects to cut losses by nearly two-thirds this year. Page 16

# UK may face action by Commonwealth over SA sanctions

BY ROBERT MAUTHNER IN LONDON AND ANTHONY ROBINSON IN JOHANNESBURG

A NUMBER of Commonwealth countries are examining the possibility of adopting measures against Britain if Mrs Margaret Thatcher, the Prime Minister, continues to oppose additional sanctions against South Africa.

The response of Britain's Commonwealth partners, should Mrs Thatcher refuse to subscribe to supplementary economic measures against Pretoria at the Commonwealth mini-summit in London at the beginning of August, has been discussed by Sir Shridath Ramphal, the Commonwealth Secretary-General, with some Commonwealth leaders over the past few days.

Examples given by officials of the kind of measures which Commonwealth countries could take against Britain are the nationalisation of British interests, such as Nigeria's takeover of BP's assets in 1979 on the eve of the Commonwealth conference on Rhodesia, and the closing down of diplomatic missions.

In South Africa, meanwhile, President P.W. Botha has signed into law two new security bills which give the Government sweeping powers, even if the current state of emergency is lifted.

The measures, signed late on Tuesday, give the Government authority to declare any part of the country an "unrest area" in which the security forces, who will have immunity from prosecution, can impose a clampdown on opposition. The Government can also detain people without trial for 180 days.

The bills were opposed in the country's tricameral parliament by 159 votes to 148, but the President used his high-powered advisory council to steamroller the bills through.

Parliament nevertheless remains one of the few forums for criticism of the Government and Mrs Helen Suzman, the veteran anti-apartheid campaigner, displayed a list of 300 people detained under the country's state of emergency saying she had another list with 1,500 names.

According to a report issued yesterday by the labour monitoring group at the University of the Witwatersrand, more than 170 trade unionists are among those held.

Mrs Suzman told parliament that South Africa was moving closer to a total police state. The Government's refusal to give information about detainees, she said, "puts South Africa in the same category as El Salvador and Argentina, where people went missing and the governments of the day refused to say whether those concerned were dead or not."

Sir Shridath, meanwhile, who was in Lusaka last weekend for talks with President Kenneth Kaunda, the Zambian President, is now in New Delhi for discussions with Mr Rajiv Gandhi, the Indian Prime Minister, before going on to Guyana to attend the Caribbean Heads of Government meeting next week.

At the same time, Chief Emeka Anyaoku, the Commonwealth Deputy Secretary-General, has been consulting political leaders in Nigeria, Zimbabwe and Tanzania on the next steps to be taken by the Commonwealth to bring about a peaceful and democratic solution of the South African problem.

Alarmed at the threat by President Kaunda to leave the Commonwealth if Britain remained adamant on sanctions, Sir Shridath has been trying to persuade Commonwealth leaders that such a move, which could have a snowball effect, would be highly undesirable.

Not only would it break up a group of nations linked by a common history and language, which could still play a useful role in world affairs, but it could only strengthen South Africa's resistance to any pressures imposed from the outside. A divided Commonwealth would be...

Continued on Page 14

News briefings suspended, Page 3

# Berlin institute urges Bonn to fuel expansion

BY RUPERT CORNWELL IN BONN

THE WEST GERMAN Government was yesterday issued a powerful domestic summons to adopt a more expansive economic policy – if it wished to preserve the chance of faster growth at home, and to defuse an ever-mounting resentment of the country's massive trade and current account surpluses abroad.

The closely argued case for a fundamental shift in the hitherto unswervingly conservative management of the economy by Mr Gerhard Stoltenberg, the Finance Minister, comes from the influential German Institute for Economic Research (DIW).

Although the Berlin-based DIW has long had the reputation of being the most "left wing" of the five major German economic institutes, its criticisms mirror exactly those made, more or less diplomatically, by many of Bonn's main trading partners, and could therefore be of much embarrassment to the centre-right coalition, which faces a general election in only seven months time.

The DIW's premise is that despite the present exceptionally favourable macro-economic climate, West German growth, on the basis of present policies, will fall next year to 2.5 per cent, against the 3 per cent or more expected for 1986.

The consequence would be not only to leave unemployment at around its present level of 2m, but also to hoist the country's foreign surpluses – already a "disturbance to the development of the world economy" – to yet more stratospheric levels. In 1988 the trade surplus might reach DM 115bn ($50bn), while the current account surplus, the most widely employed measure of a country's external performance, could hit DM 60bn this year, and DM 65bn in 1987.

"This external imbalance is the mirror image of inadequate momentum at home," the DIW noted. Moreover, the conventional arguments against a deliberate stimulus of the domestic economy – notably that West Germany alone was not large enough to act as "locomotive" of the world economy, and that previous attempts to do so had failed – were now outweighed by the risks inherent in continuing present policies.

There was no guarantee, the institute said that the revaluations of the D-Mark to date will be enough to reduce the external surpluses, given the huge improvement in West Germany's terms of trade. The danger was either of a further much larger, more disruptive parity adjustment, or that deficit countries would be goaded into protectionism.

The DIW pointed in particular to the case of the US. Without the expansionary policies of the Reagan Administration, European nations would long since have had to take more stimulatory steps of their own. For them not to do so now, and merely to urge Washington to cut its deficits, "would be to turn the explanation for world economic developments over the last three years on its head."

The DIW urged changes in monetary and fiscal policy. This need not upset West Germany's enviable price stability – provided that the unions recognised that the large 4 per cent increase in real salaries in 1986 was a one-off event made possible by a sharp drop in import prices, and that they did not seek a repeat next year.

The DIW said that the Bundesbank should permit faster growth of the money supply. At least as fast as the above-target growth of recent months, which so preoccupies its officials, the central bank. This would allow fast expansion of gross national product to be financed, without threatening a surge in inflation.

In direct contrast to Mr Stoltenberg, the DIW opposed any further cuts in the central government deficit – now in any case under DM 25bn or 1.5 per cent of GNP. It wants a more regular flow of necessary funds to local authorities, urging long-term employment programmes as a middle way between "financial overactivism" and "dogmatic thrift." It described Mr Stoltenberg's abrupt move last week, to freeze DM 1bn of public spending in 1986 in order to stay within budgetary ceilings, as "thoroughly destabilising."

# Mexicans hope to break debt deadlock

By David Gardner in Mexico City

A TOP-LEVEL Mexican negotiating team headed by Mr Gustavo Petricioli, the new Finance Minister, is due in Washington today for what the Government hopes will be talks that break five months of deadlock with the IMF and Mexico's creditors over the country's foreign exchange crisis and new adjustment programme.

For most of this year, Mexico has been seeking concessions on the servicing of its $97bn foreign debt, and a flexible economic programme with the IMF. In both cases Mexico's fundamental premise is that the country cannot absorb by itself the impact of the oil price collapse which will cost it around $8bn in lost revenue this year.

Mr Petricioli is expected to be accompanied by officials from his own ministry, two of whom are already in Washington, and by senior officials from the Bank of Mexico and the Planning Ministry.

He told foreign correspondents yesterday that his instructions from President Miguel de la Madrid were to meet two basic requirements:

● To secure new resources which will allow Mexico to grow at the "minimum necessary level" of 3 to 4 per cent in 1987-88;

● To secure concessions from Mexico's creditors which will alleviate the debt service burden, adjusting it to Mexico's real capacity to pay.

Mr Petricioli, who was accompanied by Mr Carlos Salinas, the Planning Minister, would not be drawn on figures or percentages, but confirmed that a sliding scale of debt service payments and new money, linked to Mexican export earnings, principally from oil, "is one possibility we wish to discuss, but not the only one."

He also reaffirmed Mexico's determination to safeguard its existing level of foreign exchange, reserves – believed to stand at just over $2.5bn in liquid terms – leaving open the question of whether Mexico could meet debt service payments at the end of this month.

The main stumbling block with the Fund has been the size of the budget deficit, which is heading this year for at least 13 per cent of GDP.

# EEC summit seeks unity over Pretoria

BY QUENTIN PEEL IN BRUSSELS

IF IT were not for South Africa, the European Community summit meeting which opens in the Hague today would be just what it was meant to be: a very humdrum affair.

For the first time in recent years, the EEC leaders were set to sit down together without any bitter family quarrel needing resolution, nor facing any urgent deadline for decision. They would be able to take a long-range, statesmanlike view of the major policy issues on the Community table, set broad guidelines for their subordinates to follow, and have a few pleasant meals together.

South Africa seems likely to upset that cosy situation.

There is still no real meeting of minds on just what needs to be done to bring pressure to bear on the South African Government. Everyone agrees on the need to promote a genuine black-white dialogue in the country, but few can agree on how to do it.

The 12 foreign ministers are to get together first thing this morning in a last-ditch effort to agree on a common strategy before their heads of government arrive at lunchtime. All eyes will inevitably be on Sir Geoffrey Howe, the British Foreign Secretary, whose government has hitherto been the staunchest opponent of outright economic sanctions.

The key question is just how far the British Government – and the West German Government which is broadly in sympathy – will move to agree on some form of economic "measures", in addition to diplomatic gestures, and various forms of "positive" action in support of anti-apartheid groups.

Most of the other member states are in favour of taking some form of economic action, such as imposing a boycott on imports of South African wine, fruit and vegetables, or severing air links set out in the report for the foreign ministers, together with an analysis of their likely effects in the Community and in South Africa. They do not come with any clear recommendations, officials say.

The fear in Brussels is that if the foreign ministers fail to agree, the whole South African affair will spill over and fill most of the summit agenda for the two days intended.

Not only are all the relative lack of immediately contentious items, the rest of the agenda is very much the bread-and-butter of EEC relations, giving the Community leaders a real opportunity to put their stamp on the developments of coming years.

It lacks one crucial item: the budget. That has been deliberately left aside, because it is generally recognised that a majority of the member states are simply not ready to deal with it. The fact that within six months of increasing the level of contributions to Brussels the money is already in imminent danger of exhaustion, is not particularly palatable.

That cash crisis will be the first big headache for the British chairmanship of the EEC starting on July 1, with a decision by the European Court of Justice on the legality of the current budget due in the first week. No one really wants to prejudge the issue.

The 12 heads of government (and head of state, to take in President François Mitterrand of France) will rather turn their minds to the perennial question of how to generate more jobs from their present modest economic growth; deregulation and promoting small and medium-sized businesses remain the flavours of the month. The UK is strongly touting its joint approach with Italy and Ireland on very much those lines.

They must review the distinctly tortoise-like progress on the crucial subject of removing national barriers to internal trade – completing the Common Market by 1992, as they promised last year in Milan.

The European Commission would like to see them give a clear political commitment to some specific actions on that front: a standstill on any changes in national indirect taxation which aggravate the present differences, for example. That may be too much to ask.

The same is true of measures to promote a "People's Europe" – and make the EEC more relevant to its citizens. There the EEC leaders are likely to put the stress on educational exchanges – although some would argue they should simply give a strong impetus to liberalising air fares it they wanted to make a real impact.

One potentially disruptive issue is still lurking on the sidelines: the determination of Mr Andreas Papandreou, the Greek Prime Minister, to raise the whole question of normalising relations with Turkey.

He is upset at the enthusiasm of most other member states to press ahead with a formal meeting with Tureky in September, when he argues that the Government's human rights record has yet to improve enough.

Otherwise, it is all up to South Africa, to see whether the occasion will be the harmonious affair earnestly sought by the Dutch presidency, or a much more upsetting occasion.

# Fermenta chief faces insider trading probe

By Kevin Done in Stockholm

SWEDEN's banking inspectorate yesterday reported Mr Refaat el-Sayed, group chief executive and majority shareholder in Fermenta, the biotechnology and chemicals group, to the public prosecutor in Stockholm for an alleged breach of the country's insider trading law.

The inspectorate recommended that Mr el-Sayed should be investigated with a view to prosecution under a law which came into force in October last year, which makes insider trading an illegal act.

This is the first time that the inspectorate has taken such action. The range of penalties under the law include a fine, confiscation of any profits made as a result of illegal trading, or a prison sentence up to a maximum of six months in the most serious cases.

The banking inspectorate's decision to pass the case to the publick prosecutor for further investigation is another heavy blow to Mr el-Sayed, who returned to the leadership of Fermenta only 1½ weeks ago.

He was forced to resign as managing director in Feburary to stem the crisis of confidence in the company that erupted after the disclosure of his fake academic credentials.

Three weeks ago Fermenta received the heaviest fine possible and barely escaped expulsion from the Stockholm Stock Exchange for its "inexcusable" breaches of its listing agreement with the bourse.

According to the banking inspectorate micro Chem, a company owned by Mr el-Sayed, bought 45,900 Fermenta B (unrestricted) shares on January 3 this year, the day after Fermenta had taken its first contacts with Volvo towards a major co-operation deal, which stunned Swedish financial markets when it was revealed on January 8.

Under the deal, Volvo was supposed to help Fermenta to take control of the two Swedish drugs groups Pharmacia and Leo/Ferrosan. In return, Volvo would take a stake of around 25 per cent in Fermenta, which would thus acquire the leading role in a radical restructuring of the Swedish pharmaceuticals and biotechnology sectors.

The deal collapsed several weeks later in the unprecedented turmoil that enveloped Fermenta, when it was revealed that Mr el-Sayed had lied to investors about his academic qualifications as a microbiologist.

The banking inspectorate says that on the same day that Micro Chem, Mr el-Sayed's company, bought the Fermenta shares, Mr el-Sayed held a meeting with Mr Pehr Gyllenhammar, Volvo chairman.

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# Euro-Court criticises Brussels over company secrets leak

BY TIM DICKSON IN LUXEMBOURG

THE European Court in Luxembourg has condemned the European Commission for divulging confidential company documents to a third party.

The judgment has vital implications for Community competition policy and calls into question the role of the Commission in this area as not only judge and jury, but prosecutor as well.

The case was brought last February by Akzo, the Netherlands-based international chemicals concern which was itself the subject of proceedings brought by the Commission under Article 86 of the Treaty of Rome.

This followed a complaint by a small British company Engineering & Chemical Supplies (Epsom & Gloucester) that Akzo, the Community's most important supplier of benzol peroxide, was attempting to protect its dominant position in this market through discriminatory pricing practices. ECS alleged that Akzo was threatening to destroy its position in the market for flour additives if it expanded its activities into supplying the plastics industry.

Akzo has already been found guilty by the Commission of this offence and fined an unprecedented Ecu 10m (£6.4m) — but the company is appealing.

In investigating the ECS allegation the Commission obtained a number of documents from Akzo's Dutch and British offices, including some appearing to show that Akzo had violated the competition rules which were subsequently passed to ECS.

Akzo objected strongly because some of these papers were internal working documents which contained market sensitive information, were marked "private and confidential" and were addressed only to certain managerial staff. They included reports on visits to customers containing information that had been supplied on a confidential basis.

# Transport initiative launched

BY OUR BRUSSELS STAFF

THE European Commission has launched an initiative to promote new transport links between member states, and fill in the "missing links" in the Community.

The transport infrastructure plan is intended to make the 12 member states take cross-border and intra-Community links — including sea links — more into account when planning big transport investment.

● improving transport links on routes involving a sea crossing;
● reduction of costs in transit traffic, especially on mixed road/rail or road/sea links;
● integration of outlying regions into the main EEC transport network;
● promotion of high performance links between capitals and leading urban centres — especially high-speed train links.

The priorities seek to balance the needs and demands of the peripheral regions and countries of the Community, with the more popular emphasis on integrating the centre of the Community with high-speed trains.

The report singles out some particular bottlenecks in the Community in urgent need of investment, such as the access road to the Mont Blanc tunnel, on the Benelux-France-Italy route, and the section between Aachen and Cologne on the Benelux-West Germany-Switzerland route.

On Channel crossing routes, the report stresses the need for better road and rail access to channel ports, and better links between Belgian and Dutch ports, and those north of the Thames estuary in the UK.

● The Commission yesterday agreed to postpone any moves to enforce competition rules on EEC national airlines until after the meeting of Community transport ministers next Monday.

The delay will also give time to see if the 12 Community heads of government themselves gives any blessing to a gradual liberalisation of air fares, at their summit meeting in The Hague today and tomorrow.

# Turkey 'might curb imports'

BY DAVID BARCHARD IN ANKARA

UNEXPECTEDLY strong demand for imports and unnecessary fears among businessmen of a possible foreign exchange shortage may force the Turkish authorities to take steps to curb excess demand, Mr Yavuz Canevi, the central bank governor warned yesterday.

Mr Canevi said that he was less worried about Turkey's "repayment hump" of $800m in principal and interest of foreign debt during a two-week period starting at the end of this month than by what he called "a psychological development in the "Turkish market."

"We knew the debt hump was coming a year ago," he said, "and we made provision for it."

Foreign currency has been scarce in Turkey throughout this year since Iraq defaulted on its payments schedule in November last year, leaving Turkey with $1bn unpaid. Corrective measures by the central bank in December when commercial banks were required to hand over 20 per cent of their foreign currency holdings led to a run on the market during the first two months of the year and a mini-devaluation on March 14.

Since then, the interbank market in Turkey in foreign currency has been dead, and there is little or no selling of foreign currency by the central bank, which uses its holdings of hard currency to meet debt obligations.

Mr Canevi admits that the present tendency to build up stocks for 12 months ahead arose partly because of mistakes made by the Turkish authorities earlier this year.

He said that the acceleration of import demand came chiefly from stocking up.

## Hugh Carnegy reports on today's crucial referendum vote in Ireland

# FitzGerald appeals for Yes vote on divorce

IRELAND holds a referendum today on what a shadow Minister described in Parliament as "one of the most fundamental and far-reaching issues to be put before the people since the foundation of the state."

The issue is whether or not to remove the country's constitutional ban on divorce. In many countries this might be regarded as a straightforward matter, but in Ireland, where the Roman Catholic church still wields great influence, it has caused a fierce debate.

If the proposal is defeated, as opinion polls indicate it might be, it could seriously damage the standing of Dr Garret FitzGerald, the Prime Minister, and his Fine Gael-Labour coalition, despite the fact that four of the five parliamentary parties are in favour of divorce and the fifth, the opposition Fianna Fail party, has publicly adopted a neutral stance.

Dr FitzGerald yesterday issued a last-minute appeal to Irish voters not to reject his proposal, following an opinion poll showing it could be defeated by a significant margin.

The poll, conducted last week by the Market Research Bureau of Ireland and published in the Irish Times, was the first to show a majority against the constitutional amendment since the campaign began. It showed 49 per cent against, 40 per cent in favour and 11 per cent undecided.

Dr FitzGerald said failure to honour minority rights had caused tragedy in Northern Ireland. The Republic must prove it was different by freeing thousands from the trap of unhappy marriages.

Dr FitzGerald has a long-standing commitment to allowing divorce as part of his wider vision of establishing a pluralistic society in Ireland and eventually attracting the Unionists of Northern Ireland into a united state. Defeat would dent both his authority and that of the coalition which is now in a minority in Parliament and is trailing Fianna Fail badly in the polls.

Millions greeted the Pope on his visit to Ireland in 1979 and the Church has strongly opposed constitutional change.

In an attempt to undercut opposition to the constitutional amendment, the Government worded it to allow divorce only when a special family court was satisfied that a marriage had failed for at least five years and that proper provision had been made for dependent spouses and children.

There were other touches aimed at mollifying opponents, notably an undertaking to raise the legal age for marriage to 18 and to require a minimum period of three months notice of marriage.

With tens of thousands of people estimated to be suffering broken marriages in Ireland, the move was presented as a social issue. "This referendum is about whether we have the generosity to give people whose marriages have broken down a second chance and to allow them to remarry," said Mr Peter Barry, the Foreign Minister and leader of the Fine Gael pro-divorce campaign.

Such a reasonable sounding approach appeared to be the right one in the early days of the campaign when opinion polls showed a clear majority in favour of the amendment. But the powerful anti-divorce lobby, both clerical and secular, soon organised a relentless attack on the proposal, which has thrown the Government on the defensive and seems to have swung the vote round.

"You could be forced to divorce," reads one poster in Dublin. "Divorce impoverishes women," says another. At the centre of the anti-divorce campaign is the church, although there have been signs of some nervousness within the hierarchy over adopting too strident a stance.

When Bishop Joseph Cassidy, the bishops' spokesman, presented their case against divorce at a news conference at Maynooth College, near Dublin, the ivy-clad heart of Irish Roman Catholicism, he conceded that Catholics could, in conscience, vote for divorce. "We don't tell the people how to vote," he said.

This was not the impression left last weekend when the church loosed off a Sunday broadside of 10,000 sermons against divorce, backed by pastoral letters by seven bishops.

Much of the opposition running, however, has been made by the secular anti-divorce campaign whose star has been Mr William Binchy, a persuasive young Dublin lawyer. He has led an offensive which concentrated as much on a perceived threat to the property rights and income of divorced parents and children—the so-called first family—as on the surge in divorce figures which followed divorce legislation in other countries.

"With divorce, a man is permitted to take on obligations to a second wife. Yet he still only has one wage packet or salary. Two into one does not go," is one example of Mr Binchy's attack. So concerned was the Government of the effectiveness of this that it issued a special statement clarifying its intention to bring in legislation protecting the "first family."

In all this, the notion that a No vote would have significant repercussions in Northern Ireland, where Protestant loyalists would certainly be quick to assert that reflection proved the republic was a sectarian state, have fallen somewhat by the wayside.

"At a time when the situation in Northern Ireland is so delicately balanced, this is not something we can reasonably ignore," Dr FitzGerald said at the start of the campaign.

By the end, his main concern was to implore people to vote, especially the young, who make up such a large proportion of Irish society and who could ensure the amendment is carried. Much may depend on whether there are sufficient Yes votes in the Dublin constituencies, which account for 30 per cent of the 2.4m electorate, to hold off the more conservative rural vote.

# UK loses invalid care case

By Our Brussels Staff

THE European Court of Justice in Luxembourg has ruled that the British Government was guilty of sex discrimination by refusing to pay invalid care allowance to a married woman from Manchester.

The outcome of the case — brought by Mrs Jacqueline Drake with support from the Child Poverty Action Group — had already been anticipated by the Government on Monday when Mr Norman Fowler, the UK Social Services Secretary, announced in Parliament that the rules would shortly be amended to include married women.

At present, men and single women who look after invalids are entitled to receive the £23 ($34.5) a week benefit.

The change will "enfranchise" 70,000 new female claimants and is likely to lift the cost of the measure from £13m to £55m.

Monday's climbdown by the Government takes some of the sting out of the formal judgment, but it was nevertheless welcomed by a jubilant Mrs Drake who was present to hear the outcome in Luxembourg on Tuesday.

Married and living with her husband, Mrs Drake gave up her job in June 1984 to look after her mother, a severely disabled person who had gone to live with her.

In February last year, she applied for invalid care allowance but was told that the benefit was not payable to a married woman living with her husband.

The Social Security Appeal Tribunal last March found that this rule contravened European law, but the UK Department of Health and Social Security appealed against this verdict, and the case went to the European Court.

The court made it clear that a benefit such as invalid care allowance which is paid to a third party such as Mrs Drake – and not directly to the disabled person – "does not place it outside the scope of Directive No 79/7" (part of which is designed to ensure the progressive implementation of the principle of equal treatment for men and women in matters of social security).

# Hungarian industry performs poorly

BY LESLIE COLITT IN BUDAPEST

HUNGARY'S industrial growth rate of 1.2 per cent in the first five months of this year fell well short of the target of 2 per cent to 2.5 per cent growth in 1986 although industrial activity accelerated by nearly 4 per cent in April and May.

Mr Ferenc Havasi, the senior Hungarian Communist official responsible for economic policy, said industrial managers and government economics officials were blaming each other and "evading responsibility."

Another economics official said on Hungarian television that managers and planners were accusing each other of being at the root of the problem. There was much talk, he noted, about a "crisis of confidence" in the Hungarian economy.

Hungary had a 1 per cent rise in industrial production last year while overall economic growth fell by 1 per cent.

Mr Havasi indicated, in a speech to the Hungarian Chamber of Commerce that there were too many economic priorities while the "freedom of decision" of the Hungarian leadership was limited.

He noted that a more dynamic economic development was needed to break out of the "vicious circle" in which Hungary found itself. Structural changes in industry, however, could not help the "pressing problems of 1986-87," he said.

Imports rose 14.1 per cent in the first four months while exports rose 6.9 per cent producing a $270m hard currency trade deficit for the period.

Mr Havasi indicated that the planned 1 per cent annual growth in real income during the current five-year plan was not likely to be achieved "this year or next year." Public opinion in Hungary, he remarked, would regard this as "acceptable."

The Central Committee of the party said world economic conditions continued to be "unfavourable" for Hungary. Prices of important exports, such as food and oil products, were continuing to fall while EEC "discrimination" had caused appreciable losses.

Hungary has offered immediate state loans and tax allowances to companies which increase hard currency exports. The export promotion scheme is expected to bring in an additional $100m this year, according to one Hungarian newspaper.

# French steel job losses forecast

BY DAVID HOUSEGO IN PARIS

THE FRENCH Government has been warned that a further 25,000 jobs will need to be shed in the French steel industry over the next five years if it is to become internationally competitive.

The warning has come from Mr Jean Gandois, the former chairman of Rhone Poulenc, the chemical concern, who was commissioned by the Government of Mr Jacques Chirac to assess the problems of the French steel industry. Three years ago he was called in by the Belgian Government to put Cockerill-Sambre, the Belgian steel producer, back on its feet.

In his report to the French Government, he has forecast further losses by the two state steel groups, Usinor and Sacilor, of FFr 4bn (£372m) this year in the wake of a FFr 8.9bn deficit in 1985. He says that they are unlikely to have eliminated losses by the end of 1987 as the former Socialist administration intended. He also says that further funds would need to be allocated to the steel sector.

Mr Grandois' warnings coincide with a day of militant protest in the French shipyards at the threat of closures in the wake of the decision by Normed, one of France's two main shipbuilders, to file for bankruptcy. Workers at La Ciotat on the Mediterranean tore up rail track and occupied a pay toll on the motorway, while in Dunkerque they protested before the local prefecture.

Mr Gandois's gloomy picture of the competitiveness of the French steel industry was reinforced by a report from the state auditing organisation, the Cour des Comptes, published yesterday.

It said that the outstanding FFr 25bn debt of the two groups had imposed financing charges "incompatible with any serious hope of their accounts being brought back into equilibrium." It also criticised former governments for costly investments that showed little chance of providing an economic return.

**French shipyard workers ripped up railway lines, blocked traffic and occupied town halls in southern France yesterday in protest at government cuts in subsidies to the industry, Reuters reports from Marseilles.**

**The action followed an announcement on Tuesday by one of France's two main shipbuilders, Chantiers du Nord et de la Méditerranée (Normed), that it could no longer meet its payments. This could spell the end for Normed's yards at Dunkirk, La Ciotat and La Seyne and the loss of some 7,000 jobs.**

# Support sought for manned space shuttle

By David Marsh in Paris

FRANCE IS hoping for European backing this week for its project to build Hermes, a manned space shuttle for the 1990s, in spite of a renewed cooling of West German interest in the scheme.

A three-day meeting of the decision-making council of the 11-nation European Space Agency (ESA), which started yesterday, will discuss giving preliminary backing to the Hermes plan, with a decision expected to be made either today or tomorrow.

Britain will also be delivering a presentation at the meeting of its own advanced space-going aircraft project, Hotol, capable of travelling into space from a runway like a normal aircraft.

Hotol is only at the stage of feasibility studies. Hermes is already under early development by French aerospace companies, with CNES, the French national space agency, sticking to its belief that the first flight could take place by 1995-96.

Although the two projects are not in direct competition efforts by Britain to rally European support for Hotol in recent months have annoyed French officials, who fear the UK is trying to divert attention from Hermes.

France hopes that the ESA meeting will come up with the necessary two-thirds majority to register Hermes as a project of firm interest

This would be a prelude to ESA giving Hermes full financial backing next summer.

# Terrorist victims to be compensated

BY PAUL BETTS IN PARIS

THE FRENCH Government will compensate victims of past terrorist attacks or bombs who have suffered physical damage or injury as part of its new anti-terrorist and law and order legislation.

Victims of future terrorist attacks will also be insured against physical and material damages. Until now there was no such insurance coverage in France.

These proposals were included in an amendment tabled by the Government in the law and order legislation currently passing through the National Assembly.

Mr Albin Chalandon, the Justice Minister, announced the proposals during the debate on the bill late on Tuesday night. The amendment tabled by Mr Jacques Chirac, the Prime Minister, was approved by the Socialists whose opposition to the Government's bill has been relatively moderate in the debate so far.

The new measures to strengthen law and order include longer prison sentences for terrorists, incentives for them to collaborate with police, the centralisation of terrorist cases in Paris and greater police powers to carry out identity checks. The legislation was one of the main items in the right-wing parties' electoral programme.

# Swedes examine radiation in food

SWEDEN launched a survey yesterday to measure radiation levels in food for sale in shops and markets, the national Radiation Protection Institute said, Reuter reports from Stockholm.

Scientists at the institute and with the National Food Administration will analyse samples of food bought in the major cities and areas of the country worst affected by fall-out after the Chernobyl nuclear disaster.

The aim of the survey, which will continue for several months, is to measure the average levels of radiation consumed by Swedes.

# French Disneyland in trouble

BY OUR PARIS CORRESPONDENT

THE PROJECT for a European Disneyland to be built east of Paris has run into trouble after strong opposition from local councillors.

Socialists, Communists and members of the extreme right-wing National Front linked up to deny Mr Michel Giraud, the president of the regional council for the Ile-de-France which covers the area around Paris, the authority to sign the definitive contract with Walt Disney Productions.

Mr Giraud, who belongs to the neo-Gaullist RPR party, said yesterday that he had had to clutch the Walt Disney negotiators "by the sleeve" to prevent them taking the first aircraft back to the US after Tuesday's vote.

The issue is to be debated again by the council at the end of July.

Opposition has focused on a combination of doubts on the financing of the project, the employment implications for the region, and dislike of an "invasion" of American culture.

On the American "invasion" issue, the Communists and the National Front have both spoken strongly against sacrificing the region to "luxury tourism" and "American cultural imperialism."

Although Mr Giraud has spoken of FFr 45bn ($6.3bn) of long-term investments in the project, the initial investment by Walt Disney and their largely French associates would be FFr 8bn.

This would finance the creation of the "Enchanted Kingdom." The bulk of the jobs would come from hotels and office blocks expected to spring up around the amusement park.

Mr Giraud complained yesterday of having been abandoned by the Socialists. It was the Socialist Government of Mr Laurent Fabius who signed the initial protocol

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# South Africa suspends news briefings

SOUTH AFRICA suspended daily press briefings today on political unrest and denied a visiting British politician the chance to meet jailed black nationalist leader Nelson Mandela, Reuter reports from Johannesburg.

The state Bureau for Information said it was stopping the briefings because of a sharp drop in violent incidents since a national state of emergency was declared two weeks ago.

Shortly afterwards, the bureau telexed its latest "Situation Report" stating two more blacks had died in unrest over the past 24 hours.

Mr Denis Healey, foreign affairs spokesman for the British Labour Party, told Reuters he had been denied permission to meet Mr Mandela during his fact-finding mission.

Mr Healey, the most senior foreign statesman to visit South Africa since the emergency began, said he was very disappointed not to see Mr Mandela, the African National Congress leader jailed for life in 1964 for sabotage and plotting revolution.

The Bureau for Information has been a major source of information on township violence since strict curbs were placed on media reporting under the state of emergency.

Until today the bureau had given a daily news conference in Pretoria, providing journalists with the opportunity to press for details of unrest. But in a statement telexed to news organisations, the bureau said: "The decline in incidents of unrest since the declaration of the state of emergency has led to very little worthwhile information emanating from unrest-related incidents.

"In view of the fact that there is little to report, the Bureau for Information has decided to temporarily suspend its daily news briefings . . . until further notice."

The bureau said it would continue to issue its daily Situation Report and call briefings when necessary.

The latest report said one black man was stabbed to death in Soweto near Johannesburg by about 100 people and another was found burden to death in the tribal homeland of KwaNdebele, north of Pretoria.

Mr Healey today visited the trial of 22 black dissidents who face a possible death sentence on charges of treason and murder.

The trial, the largest here for a quarter century, began in January in Delmas, east of Johannesburg. The accused range in age from 21 to 61. Some were leading officials of South Africa's main anti-apartheid coalition, the United Democratic Front (UDF). Others were little-known activists in community associations in black townships near Johannesburg.

**Michael Holman writes in London:** Dr Allan Boesak, patron of UDF, said yesterday that the situation in the republic was "much, much worse than the Information Bureau of the South African government is willing to say." Dr Boesak, who is also president of the world alliance of Reformed Churches, was speaking in London. He is due to address an anti-apartheid conference today organised by the London borough of Brent.

He told a press conference that the state of emergency rules in South Africa meant that he could not speak freely. "But the very fact that I cannot talk about these things shows how panicky the South African government has become. I hope my presence here will be more eloquent than any speech I can make."

# Israeli security chief forced to resign

BY ANDREW WHITLEY IN TEL AVIV

THE Shin Bet Affair yesterday claimed a notable scalp when Mr Avraham Shalom, head of Israel's powerful internal security service, resigned his post.

Mr Shalom said he was asking to be relieved of his job because the disclosure of his identity and the recent public controversy surrounding his person made it impossible for him to continue.

The Shin Bet chief and three other security men involved in the cover-up of the deaths in captivity of two Arab terrorists in April, 1984, have, meanwhile, been granted a pardon for any offences they may have committed in connection with the event.

Announcing the Government's decision over an affair which has strong echoes of the Watergate scandal in the US, Mr Yossi Beilin, the Cabinet Secretary, said new guidelines for the future behaviour of the General Security Service, or Shin Bet, will be laid down by a government-appointed committee.

The month-old scandal has raised fundamental issues of public morality and observance of the rule of law in Israel, but created scant concern for the two terrorists who were killed.

However, if the Peres Government had hoped Mr Shalom's resignation would be enough to take the sting out of a scandal with serious implications for its own leaders, it appears to have misjudged the political mood.

The disclosure that President Chaim Herzog has used his presidential prerogatives to grant a blanket pardon to all those involved in the original incident and its subsequent cover-up—in advance of any legal charges being brought—yesterday produced an immediate storm of protest from the parliamentary left wing.

More significantly for Prime Minister Shimon Peres, open criticism of the way in which an independent inquiry has been deftly evaded was expressed by Mr Sheva Weiss, a Labour Party member of the powerful Knesset Foreign Affairs and Defence Committee, who could have been expected to back the Prime Minister.

Also clearly unhappy yesterday with the compromise solution was Mr Yosef Harish, the Attorney General appointed by the cabinet only last month and seen by the Government as the man to find a politically palatable solution to a highly delicate problem.

As pressure mounted in recent weeks for his dismissal and a public inquiry, the Shin Bet chief had let it be known through the press that he could seriously embarrass Mr Yitzhak Shamir, the Likud leader serving as Prime Minister—and thus the man directly responsible for the security service—at the time of the original incident.

# Thai plant unlikely to be repaired after riot

PONG SARASIN, chairman of the Thailand Tantalum Industry Corporation, said yesterday that he did not expect his company to revive the Phuket island processing plant burned down by demonstrators on Monday, Reuter reports from Bangkok.

He told the semi-official Thai News Agency that the company would probably wait for official government reaction before deciding whether to sue for damages. Thai Deputy Premier Siddhi Savetsila said that Thailand would punish the rioters, whose destruction of the $44m (£29m) refinery may have tarnished Thailand's climate for foreign investment.

Police said they had arrested 43 people in connection with the rioting, which followed demonstrations over pollution fears but led to speculation it may have been politically motivated.

## Taiwan protest against factory

MORE than 600 marchers in Luking, central Taiwan, protested yesterday against plans by Du Pont to build a $160m (£106m) titanium dioxide plant in the area, campaign leaders told Reuter in Tapei. They said residents were concerned about possible environmental damage, but company and government officials denied the plant would pose a health hazard. Construction of the plant, the first in Asia, is expected to start next year and be completed towards the end of 1989.

## Australia steel output down

AUSTRALIA'S raw steel production during the first quarter declined by 6 per cent to 1.57m tonnes compared with the last three months of 1985, writes Emilia Tagaza from Canberra. The industry reported that domestic and export sales of Broken Hill Proprietary, the only raw steel producer, were still 9.5 per cent up on the quarter a year earlier.

## Angola denies Unita meeting

THE Angolan Government yesterday issued "a categorical denial" of a report that Mr Afonso van Dunem, its Foreign Minister, last week met a representative of Unita, the guerrilla movement led by Dr Jonas Savimbi, writes Michael Holman in London. However, Mr Charles Meynell, editor of the fortnightly newsletter Africa Confidential, which published the report, last night asserted that it was accurate. The Angolan Government, through the official news agency Angop, described the report as "part of a disinformation campaign" and said negotiations with Unita were "completely out of the question."

## Tamil guerrillas kill 16

TAMIL guerrilla attacks killed 16 people in Sri Lanka yesterday as President Junius Jayewardene began discussing with political leaders a plan to end the island's bloody ethnic conflict, writes Reuter from Colombo.

**Samuel Senoren** in Manila reports on ceasefire negotiations

# Aquino treads a political tightrope

THE BANNED Communist Party of the Philippines and its military arm, the New People's Army, which have been fighting for power in the Philippines during the past 17 years, are due to start talks over a ceasefire with the Government of President Corazon Aquino probably this week.

The talks, which will be held in secret, underscore the growing power and influence of the CPP/NPA. The organisation has grown from a handful of dedicated ideologues and a ragtag band of ill-equipped guerrillas 25 years ago into a well-armed force of 15,000 regulars backed up by support from more than a million people, mostly in the rural areas.

The leader of the Communist negotiating team, Mr Satur Ocampo, a former economic journalist, went underground shortly after deposed President Ferdinand Marcos imposed martial law in 1972 on the pretext that the Communists were about to overthrow the Government. Captured later in a military operation, he escaped from his guards last year while on leave to attend a conference of local journalists.

Mr Ocampo, a senior member of the CCP central committee which decides policy, is believed to carry the full authority of the party in negotiating with Mrs Aquino's Government. He does not however represent a small splinter group of the NPA centred in the northern Philippines and led by renegade priest Fr Conrado Balweg. Fr Balweg, who has formed his own regional force, the Cordillera Liberation Army with a few hundred men, has chosen to negotiate separately with the Aquino Government.

The choice of Mr Ocampo, 47, as lead negotiator was not accidental. He has a number of personal friends in Mrs Aquino's Cabinet, including the powerful executive secretary Joker Arroyo who was among his lawyers when Mr Marcos ordered him to face trial for subversion.

Mrs Aquino called for a ceasefire following an election campaign promise to pursue national reconciliation. Hostilities cost more than 3,000 lives annually, and ever since Mrs Aquino assumed power in late February, more than 1,000 soldiers, rebels and civilians have been killed.

In seeking a ceasefire, Mrs Aquino is taking a highly calculated risk which could either boost the chances for survival of her fragile Government in the short term or displease a sensitive military which has been fighting various types of Communists since the early 1950s. A ceasefire would allow her to devote her energies to solving her country's serious economic problems.

On the other hand, military advisers fear that a truce would give the rebel forces, who have been under pressure from a military counter-offensive during the past eight weeks, valuable time to consolidate.

Rebel-held or influenced areas now account for about 18 per cent of the Philippines villages and from the Government viewpoint, a simple military withdrawal is unacceptable because it would simply deliver those areas to unhindered rebel control, making them in effect "liberated zones."

Mr Juan Ponce Enrile, the Defence Minister, has repeatedly warned about attempts by the Communist Party to infiltrate the Government, and has accused it of trying to drive a wedge between himself and Mrs Aquino.

The CPP/NPA has realised that it made a crucial mistake when it decided to boycott the parliamentary elections in 1984. Under the new general elections likely to be held after the new constitution is approved later this year, it is likely to field its own candidate or give support to sympathisers.

Mrs Aquino's eagerness to strike a deal with the Communists is also worrying the United States, which partly explains the luke-warm support that Manila has been getting from Washington.

The US maintains two large military installations near Manila, whose leases run out in 1991. Mrs Aquino has said she will let the bases stay until 1991, but will keep her options open afterwards.

The Communists are committed to the removal of all US military bases, facilities and personnel from Philippine territory.

Mrs Aquino is faced with two, equally unpalatable choices: either she makes major concessions to the Communists in order to secure peace at the risk of alienating the Philippine military; or she bows to pressure from the army and the US to stand firm on key issues such as the bases and economic reform and endangers the chances of an agreement. Whether there is a middle way is still far from clear.

Communist rebel soldiers drilling in Zamboanga

**THE US yesterday signed an agreement with the Philippines providing $200m (£132.5m) in direct budgetary support for the financially-strapped Aquino Government, writes Christopher Sherwell from Manila.**

**The pact fulfils part of President Ronald Reagan's commitment, first made in April, to provide a total of $505m to help the new Government tackle its economic and military problems.**

**"We are taking necessary measures to make available the remaining portion of the assistance," Mr George Shultz, the US Secretary of State, told his counterpart, Vice-President Salvador Laurel, at a signing ceremony in Manila.**

**President Reagan's programme of assistance, which also included general help in trade and investment, was announced less than three months after Mrs Corazon Aquino was installed after a military revolt and mass demonstrations against Mr Ferdinand Marcos.**

**Apart from the accelerated disbursements of the $200m signed yesterday, the package includes an extra $100m in economic support funds, the conversion of $100m in development assistance from loans to grants and an expansion of food aid from $35m to $50m.**

**At a press conference yesterday, Mr Shultz said the Philippines Government had made further progress in solving its difficult problems. Declaring he felt "very good" about the future of the country, he said the Government's general strategy was in line with US thinking.**

# Shultz and Lange to meet over Anzus pact

By Chris Sherwell in Manila

MR GEORGE SHULTZ, the US Secretary of State, and Mr David Lange, New Zealand's Prime Minister, will meet in Manila tomorrow in an attempt to preserve the Anzus military alliance linking the US, Australia and New Zealand.

The meeting comes as legislation forbidding port calls by nuclear-armed or nuclear-powered ships winds its way through New Zealand's parliament. The US sees the legislation as a disturbing precedent. Enactment is expected to entail New Zealand's exclusion from Anzus.

Mr Shultz and Mr Lange are in Manila for talks with the six foreign ministers of the Association of South East Asian Nations (ASEAN), which groups Indonesia, Thailand, Malaysia, the Philippines, Singapore and Brunei.

To the consternation of the US, ASEAN is showing considerable interest in a South East Asia nuclear weapons-free zone, along the lines of a South Pacific Treaty agreed last August.

Mr Shultz yesterday declared for the second time in as many days that such zones are a mistake. Repeating a point he made in Singapore, he told a Manila press conference that the real objective was a radical reduction in the number of nuclear weapons.

On the Anzus dispute, Mr Shultz said: "We'd like very much to see New Zealand remain an Anzus partner.

Mr Lange last night acknowledged there was little room for compromise. He said: "We propose to discharge our military obligations conventionally. We are not going to withdraw from Anzus. The US and Australia have said they won't withdraw. I hope we can go from here with a US - New Zealand - Australia relationship

# AMERICAN NEWS

**Ivo Dawnay and Ann Charters report on the mounting violence and political polarisation over land reform in a debt-ridden state**

## Brazilian President faces wrath of the landless

INDIGNANT landowners, vigilantes and hired guns, vie with and thousands of ragged families backed by militant priests. As the violence escalates, marooned in the middle is a government paralysed by a lack of resources.

The Brazilian land reform crisis has created a latter-day version of Steinbeck's Grapes of Wrath, with huge migrations of landless peasants, squalid pitched battles on remote country roadsides, and sudden, pointless deaths. Perhaps, the only major difference between the great trek from the US's southern dustbowl in the 1920s, and the fate of the Brazilian rural poor today, is that the "Okies" at least had somewhere to go. No California awaits the estimated 7m to 11m Brazilian families in search of land.

Agrarian reform, which like its intended beneficiaries has for long been the political poor relation of the industrial and commercial issues that dominate Brasilia, is now on top of the political agenda. Blood has been shed before it got there.

The Catholic church put last year's death toll at 222, with a further 55 until the end of May. Though such a highly partisan source may merit suspicion, no one disputes that the perennial problem of rural violence has increased dramatically.

In just six weeks a priest has been gunned down, a cabinet minister has resigned, President Jose Sarney has decided to visit the Pope in Rome and a militant landowners' organisation, already 5,000-strong, has emerged—all over the land question.

This week, the Government announced the compulsory appropriation of some 600,000 acres of farmland to resettle 7,600 families in a dozen states. Including these families, this brings the number resettled to just over 10,000 since the Government took office, compared with a target of 150,000 resettlements by the end of this year.

About 90 similar appropriations would be needed if all the families seeking land were to be resettled by the year 2000. Nobody knows how it can be done or how it is to be financed.

The land problem stems from the pattern of settlement and ownership established in Brazil's colonial past. Mr Tancredo Neves, the late President-elect who died before taking office, promised to resettle all the landless and, where necessary, to purchase land compulsorily from Brazil's 200,000-odd large landowners. Under-used land was a prime target, and arbitration was promised in disputes.

> **The rural working classes, often aided by their only champions, the country priests, have retaliated by mounting often violent occupations.**

The prospect of such radical moves immediately polarised the views of people in the countryside. In many areas, formerly benevolent landlords have evicted longstanding pieceworkers to reduce their liability to claims. Others have brought land into notional production instead of offering it for rent.

The rural working-classes, often aided by their only champions, the country priests, have quickly retaliated by mounting often violent occupations. In the meantime, the proposed rural revolution that Mr Neves advocated has failed to emerge.

Reformers argue that this demonstrates the Government's lack of inclination to tackle the issue. Last month's resignation of Mr Nelson Ribeiro, a radical Land Reform Minister closely identified with the progressive church, is cited as evidence that more conservative forces in the Cabinet have won the President's ear.

Certainly, Mr Ribeiro's departure was tantamount to a dismissal. But more liberal members of the Cabinet argue that his planned land distribution gave everything to the landless without accounting at all for the rights of the current owners.

The Government appears to be split on the issue, with everyone recognising that something must be done. Political realities dictate however that a careful course must be charted, since the Congress is dominated by land interests.

The political geography of Brazil, whose population was 60 per cent rural to 40 per cent urban when land reform was first seriously mooted in the early 1960s, is now 60-40 the other way, and the urban constituency is growing increasingly unnerved by rural revolt.

"If the dispossessed can have our farms, how long will it be before they demand your factory or your flat," the landowners argue.

> **"If the dispossessed can have our farms, how long will it be before they demand our factories or our flats?" the landowners argue.**

Opinions about the Government's commitment to change appear to be altering. Only a fortnight ago, many believed that President Sarney's Administration would pay only lip-service to the land problem, but recent decisions have suggested otherwise.

First, the President appointed as Land Reform Minister Mr Dante de Oliveira, a 34-year-old progressive. He is however unpopular with the church, which should give him some legitimacy with the increasingly anti-clerical conservative establishment. Second, and perhaps more significantly, the President this week installed a second liberal in the key agency responsible for implementing the reforms.

None of this, however, resolves the financial constraints on action. An estimated Cruzado 70,000 (£3,300) is thought to be the minimum needed to settle a family after the land has been purchased. Mr de Oliveira estimates he needs Cruzado 12bn to meet this year's targets but Mr Dilson Funaro, the Finance Minister, has warned that the resources available are barely more than a tenth of that.

President Sarney's increasingly personal identification with the land issue, reinforced by his call for peace last week in the northern trouble spot of Imperatriz, is significant. His imminent visit to the Vatican, is universally assumed to involve a direct appeal to the Pope for restraint from the clergy.

Sceptics believe it is merely window dressing before the November Congressional and state elections. But a more charitable theory has it that the President believes he can marshal the popular support generated by his anti-inflation Cruzado plan behind a real reform.

Sarney . . . visit to the Vatican

What he desperately needs is money, goodwill and a breathing space. Right now, with the countryside increasingly resembling an armed camp, he is badly short of all these requirements.

## Congress aims to finalise tax reform bill in September

BY STEWART FLEMING IN WASHINGTON

CONGRESSIONAL leaders expect to start work on the details of a compromise tax reform bill by the middle of next month and are hoping that the historic tax package could be ready for signature by President Ronald Reagan at the beginning of September.

The predictions from, among others, Senate majority leader Mr Robert Dole in a television interview, came in the wake of overwhelming approval of the most far-reaching tax reform proposal in the post-war period on Tuesday.

The vote, a 97-3 endorsement of the legislation which President Ronald Reagan put at the top of his list of domestic political priorities, clears the way for a conference committee of the House and the Senate to begin ironing out the differences between the two versions of tax reform approved by the House and the Senate.

Both bills cut significantly top marginal tax rates for corporations and individuals — in the Senate Bill the top rate is brought down from 50 per cent to 27 per cent — and reduce from 14 to either two (the Senate) or four (the House) the number of tax brackets for individuals.

Both bills reduce the top corporate tax rates but, by eliminating other corporate tax breaks, add an anticipated $100bn (£66.6bn) (Senate bill) to $140bn (House bill) to company taxes over five years.

Both bills also remove from the tax rolls millions of the poorest Americans.

With the congressional mid-term elections approaching, President Reagan and Republican and Democratic leaders will be seeking to claim what credit they can for passing the tax bill.

Mr Dan Rostenkowski, the Democratic chairman of the House Ways and Means Committee which drafted the House version of the bill, has been quick to claim that the Senate bill is harder on individuals and does not give such a generous break to middle income Americans as the House version.

The House bill is tougher on corporate taxes and Administration officials such as Mr James Baker, Treasury Secretary, are saying that they do not want to give bigger tax breaks to middle income taxpayers "at the expense of economic growth in this country."

However, there is widespread agreement that Mr Reagan is in the strongest position to claim credit for the bill, something which could help his public standing as well as that of the Republican Party. This is partly because of his ability to command the centre stage and because he backed tax reform strongly at the start of his second term.

## Moscow 'wants arms talks progress' before summit

BY OUR U.S. EDITOR IN WASHINGTON

MR MIKHAIL GORBACHEV, the Soviet Leader, has reportedly told the US that he will examine the progress of arms control talks in Geneva in September as a factor in his decision on whether to proceed to a summit meeting with President Ronald Reagan later this year.

According to a New York Times report this morning on the letter from Mr Gorbachev which Mr Yuri Dubinin, the new Soviet ambassador to Washington, gave President Reagan on Monday, Moscow is not trying to establish progress in arms control talks as a precondition for a summit. But the newspaper says the Soviet Union is sticking firmly to the Soviet position that "concrete achievements" on arms control need to be in sight for a summit to make sense.

The US view of the Soviet position is that Mr Gorbachev is seeking to maintain uncertainty about a summit in order to extract a US response to the latest Soviet offer.

President Reagan made clear last week, in a speech in Glassboro, New Jersey, that the US considers the latest Soviet arms control proposal to be a serious one which forms a basis for future negotiations. The President's conciliatory remarks were seen as designed to improve the prospects for a summit meeting.

Mr Reagan has also, notably in an interview this week with the Los Angeles Times, avoided describing the unratified Salt 2 strategic arms limitation agreement as "dead," even though some Administration officials have maintained that the announcement on May 27 that the US would not necessarily be bound by the Salt 2 provisions had in effect killed the agreement.

That announcement stirred up criticism of the White House on Capitol Hill and also among the European allies.

## Direct foreign investment slows in US

Foreign direct investment in the US grew 11 per cent in 1985, or $18.4bn (£12.26bn), to $183bn, compared with a 20 per cent increase in 1984, the Commerce Department said, Reuters reports from Washington.

US direct investment abroad grew 9 per cent, or $19.7bn to $232.7bn, the department said. This followed a four-year period of limited growth in the wake of the 1981 worldwide recession.

The smaller increase in foreign direct investment partly reflected the decline in US interest rates and slower US economic growth, the department said.

There were $17.9bn in capital outflows and a net positive valuation adjustment of $500m.

The increase in US direct investment abroad was affected by the depreciation of the dollar and a shift to intercompany debt outflows with Netherlands Antilles finance affiliates.

Capital outflows were $18.8bn and a net positive valuation adjustment added $900m.

## Garcia admits troops killed 40 as prison riots ended

PRESIDENT ALAN GARCIA said yesterday Peruvian troops may have shot dead up to 40 jailed Maoist guerrillas after they surrendered in prison riots last week, Reuter reports from Lima.

He ordered the arrest of those responsible but said in a television speech, in reference to the military action to crush riots at three Lima jails, that his Government had to prevent excesses.

"Initial investigations imply that in the prison of Lurigancho an undetermined number of prisoners, maybe 30 to 40, were shot dead by members of the Republican Guard once they had surrendered and were outside the cell block," Mr Garcia said.

"I have ordered, because of this, the imprisonment and trial of the chiefs, officials and personnel of the Republican Guard who, after the surrender, went on brutally to annihilate the subversives," he added.

The military has said 124 alleged members of the Maoist Sendero Luminoso (Shining Path) guerrilla group were killed in the battle.

Unofficial estimates said up to 300 guerrilla inmates died in the fighting for control of Lurigancho and the island prison of El Fronton. Western diplomats said they had heard estimated death tolls of up to 1,000.

Opposition sources said all Sendero guerrillas in Lurigancho perished.

Mr Garcia ordered a military inquiry into possible excesses at Lurigancho after heavy pressure from the Socialist International, a world grouping of socialist and social democratic parties meeting in Lima at the time of the rebellions.

A bomb exploded yesterday in a train carrying tourists in Cuzco, Peru, killing at least seven people and injuring 35, officials said, AP reports.

Among the dead were Brazilians, Argentines and two Peruvians. Ms Emma Zamalloa, a secretary of a station manager. She said the explosion occurred as the train was standing at Cuzco Station. It had been scheduled to depart from the Inca ruins of Machu Picchu, 70 miles away. It was apparently caused by a time bomb that went off in the second-to-last car of the train.







# WORLD TRADE NEWS

## Israeli construction groups fight for contract

By Andrew Whitley in Tel Aviv

THE recession-hit Israeli construction industry is campaigning hard to reverse the expected award to US contractors of a major share of work on a $300m (£200m) radio transmitter and relay station, to be built for the Voice of America (VOA) in the Negev Desert.

The US Government earlier this month rejected Israeli demands that the US-financed project be built entirely by local companies. This move upset an industry which claims it had been promised more than a hundred million dollars worth of work on building the broadcasting station by Mr Shimon Peres, the Prime Minister.

Considerable basic infrastructure work will be required on and around the site, located in the sparsely populated, underdeveloped Arava Valley. The Israeli construction industry, which has not shared in the general economic recovery of the past nine months, had assumed this would be its prerogative.

Mr Avi Aaronson, chairman of the United Building Industry Board (UBIB), the construction industry federation, admits what local contractors fear most is a repetition of their experience of a few years ago over the rebuilding in the Negev of two air bases which were dismantled in the Sinai when the peninsula was returned to Egypt. US companies received the contract.

Mr Amnon Neubach, the Prime Minister's economic adviser, says an open competition will be held in which Israeli and US companies will be equally eligible to tender for the construction work, estimated at about a third of the value of the project, or between $85m and $115m.

The local industry was also told that, provided it demonstrated its capability, it could even win main contracts on the VOA project.

The remainder of the budget is allocated to equipment purchases, most of which are expected to be imported. But the UBIB is still not satisfied.

Last week the Knesset, Israel's parliament, approved the allocation of new Israeli shekels 3m (£1.3m) for the capital of a new Israeli company being established to act as an agent for the communications ministry in its dealings on the transmitter with US Government agencies.

## S. Korea and US aim to resolve trading problems

BY STEVEN BUTLER IN SEOUL

SOUTH KOREA and the US have completed two days of annual economic consultations in Seoul with an agreement to seek an early resolution of negotiations over two US trade cases against Korea in the fields of insurance and the protection of intellectual property.

The talks, held at vice-minister level, covered the litany of trade problems between Korea and the US but apparently produced no breakthroughs on outstanding issues.

A solution to the intellectual property issue has been expected for many months but has been held up, among other reasons, by US demands that copyright protection for authors be applied retroactively.

The Korean Government has been subject to a strong lobbying campaign by domestic publishers who say they will be hurt by the proposed changes in copyright laws.

Korean negotiators apparently warned their US counterparts that heavy US pressure on trade issues could further inflame the domestic political situation in Korea, where the US has increasingly become a target of attack by radical students.

Korea has been concerned about moves in the US to remove Korea from eligibility for benefits under the General Scheme of Preferences (GSP), and the US told Korea that these benefits would be linked to further Korean efforts to reduce barriers to imports.

The two sides stuck to conflicting positions on textile trade, where the US is demanding that Korea freeze exports for three years at current levels, and in aviation, where Korea is demanding landing rights for Korean Air at Chicago's O'Hare airport.

- Aviation rights are shaping up as a contentious bilateral issue, with charges that Korea is applying discriminatory treatment against foreign air carriers in Korea.
- The US also requested that Korea increase imports of US coal and examine the possibility of importing liquefied natural gas from the US.
- A joint venture between Hewlett-Packard and two Chinese state agencies has won a $10m contract to supply China with business minicomputers, the US company said, Reuter reports from Hong Kong.

It said China Hewlett-Packard would supply the Ministry of Foreign Economic Relations and Trade with 60 HP-3000 mini-computers.

Hewlett-Packard has 50 per cent of the venture

## Japanese to help boost exports output in India

BY K. K. SHARMA IN NEW DELHI

JAPAN HAS agreed to help set up factories in India which would make products exclusively for the Japanese market.

Talks held between Indian and Japanese officials in Tokyo last week led to identification of about 20 areas of engineering, chemicals and processed foods, including bicycle accessories, machine tools, hand tools and construction hardware.

The aim is to help increase India's manufactured exports to Japan. At present, more than 80 per cent of India's exports to Japan consist of raw materials and primary products.

The talks also resulted in the immediate prospect of Japanese companies starting joint ventures with Indian partners for export of electronic equipment and software. This is part of the attempt to increase India's export of value-added products.

Improved access to the Japanese market for exports such as marine products, tea, jute and leather footwear and suggestions for improving Japan's generalised system of preferences scheme for some products has also been discussed.

The talks were started after India's increasing concern over the growing trade imbalance in favour of Japan in the past few years. Japanese companies have started manufacturing in India in collaboration with Indian partners and these ventures require considerable imports of capital equipment and of components.

The main Japanese success in India has been in the car industry where Indo-Japanese joint ventures now account for nearly 80 per cent of the total production of cars and light trucks.

# Upturn forecast in profits at Lloyd's

By John Moore

LLOYD'S insurance market in London should show considerable improvement in its results when they are reported later this year, according to a study published yesterday. Profits for the market could be more than £100m, compared with £57m reported a year ago.

Official figures from Lloyd's are usually published in the autumn and the latest estimates are based on a survey of about a half of Lloyd's underwriting capacity. The figures have been prepared by Chatset, a company run by a group of Lloyd's underwriting members which analyses the market's results.

The survey shows the estimated results for the 1983 underwriting year. Lloyd's uses an unusual accounting method, leaving its accounts open for three years to assess more accurately the extent of insurance liabilities on its insurance policies.

In the 1982 underwriting, Lloyd's suffered its worst underlying underwriting loss, in money terms, since the mid-1960s when Hurricane Betsy led to an extensive property damage claims against insurers. Underwriting losses of £188.93m were reported last year. Lloyd's was able to report a profit because it earned substantial revenues from investment income on the insurance premiums it received.

Lloyd's own published figures could be higher than those estimated in the survey. Lloyd's shows its own figures without deduction for amounts taken in commissions by the agents who look after the members' affairs, while those of the survey make that adjustment.

However, Lloyd's final results are likely to be distorted by the controversial PCW affair, where 1,525 underwriting members are facing up to £250m of insurance losses. Last year there were provisions of £73.2m against profits for the losses of the members caught up in the PCW affair.

Other difficulties among other business units in the market have led Lloyd's to make provision of £56m against future losses.

Apart from the problems with the PCW affair, the underlying trading trend, indicated by the survey, appears to be improving.

One class of business in Lloyd's that is likely to report large losses is the non-marine market – which insures a range of general risks. This market has been hit by large claims from companies facing liability court actions in the US launched by customers or former employees. The survey predicts that losses in this market could be running at about £80m.

Mr Peter Miller, Lloyd's chairman, predicted yesterday that the number of members who are joining Lloyd's, and who provide the capital to allow the market to function, could rise from the present 29,000 to 31,000.

# Water authorities' debts likely to be written off

BY RICHARD EVANS

A SUBSTANTIAL write-off of water authority debts before privatisation was foreshadowed yesterday by the senior civil servant responsible for the flotation.

Mr John Gunn, head of the Environment Department's water directorate, said it was the Government's intention to ensure that the 10 regional water authorities in England and Wales would be "vessels that can float and will not sink."

It was, therefore, essential that they were all capable of making profits, he said, and this meant getting the right pricing formula as well as a probable capital restructuring.

The floating of some or all of the regional water authorities before the next general election promises to be the most complex and contentious of all the Government's privatisation proposals.

Some, like Thames Water, are likely to attract investment interest because of their profitability and lack of debts, but others, including North West, Yorkshire and Northumbrian, will need a substantial capital restructuring before they stand a chance of a successful flotation.

It has been widely assumed that capital restructuring would be necessary before the drafting of flotation prospectuses, but this has never been confirmed. No details will be available for some weeks as discussions continue between the Environment Department, the Water Authorities Association, the individual authorities, and their merchant bank and other advisers.

A Bill authorising the flotation will be published at the start of the next parliamentary session in November and should become law by next July. It will turn the water authorities into public limited companies initially owned by the Government prior to flotation.

It is still uncertain whether the authorities will be sold off separately from the autumn of 1987, as the Government originally intended, or whether a formula can be found for the floating of all 10 at once, or in batches.

Many of the authorities favour a multiple flotation to avoid the problem of having only the more attractive sold off, leaving the less desirable half in and half out of the public sector when the next general election takes place.

Advisers to the Government and to the authorities admit that the practical difficulties of a multiple flotation are immense. All 10 authorities should fetch between £5bn and £7bn.

Mr Gunn, addressing a seminar in London, said that the writing off of debt was "a distinct possibility." It was an important issue because many of the authorities had substantial debts.

# Trust seeks domicile overseas

By Charles Batchelor

DAILY MAIL and General Trust, the company through which Lord Rothermere owns a large stake in Associated Newspapers, publishers of the Daily Mail and Mail on Sunday, is to seek a European Court ruling to allow it to move its residence to the Netherlands.

The Trust revealed yesterday that it had been trying without success for two years to obtain Treasury approval for it to go offshore, a move which would reduce its capital gains tax bill and give it greater freedom to make investments.

It faces the problem that its 49.95 per cent stake in Associated Newspapers means it is not regarded by the Inland Revenue as an approved investment trust so it has to pay capital gains tax when it makes a profit on the sale of assets.

If the Trust wins its case it could free the way for other British companies to move easily offshore though the number of companies in exactly the same position as the Trust is quite small.

Since its portfolio of investments, excluding its stake in Associated Newspapers, is valued at only £19m, compared with its present market value of £71m, any sales would lead to a large book profit and a large tax bill. The book value of Associated, which the Trust regards as a permanent investment, is only £190m.

The Trust would still face Dutch taxes but it would be able to revalue its assets at current market worth. This would reduce the book profit on any sales and hence liability to tax.

# British Steel makes profit of over £40m

BY HELEN HAGUE

THE BRITISH Steel Corporation's profit recovery was stronger than expected in the second half of last year, thanks to favourable exchange rates and lower oil prices, Mr Bob Scholey, the chairman, said yesterday at the annual conference of the Iron and Steel Trades Confederation (ISTC).

Mr Scholey said the pre-tax profit for the year to March 31 1986, which is to be announced in a few days' time, was more than £40m. In 1984-85, BSC's £404m pre-tax loss was inflated by exceptional costs associated with the miners' strike.

The state-owned corporation returned to profit in the first half of this year for the first time since 1974, recording pre-tax profits of £21m. However, the chairman at the time, Sir Robert Haslam, said there would be a "short-term pause" in BSC's recovery during the second half of the year because of the strength of sterling against the D-Mark and disruptions caused by refurbishment programmes.

Mr Scholey's remarks yesterday indicate that profits continued to improve in the second half. He acknowledged the "effort and sacrifices" that steel workers had made, but said that BSC's profit "was not that great for the size of the assets we employ."

An annual profit of at least £200m was necessary to finance the level of reinvestment needed to remain competitive with the leading European steel producers, he said. BSC's investment focus was on finishing rather than on steel making.

Delegates from BSC's Ravenscraig plant in Scotland urged Mr Scholey to step up investment there in the immediate future. But he gave no pledges beyond the £15m spending plan already announced.

# GEC 'close to Nimrod radar solution'

BY DAVID BUCHAN

GEC AVIONICS yesterday claimed that it was close to solving the radar problems plaguing the Nimrod airborne early warning (AEW) project that has so far cost £900m. It said that if permitted by the Government to continue the work, it could put three improved Nimrod aircraft into RAF service by the end of 1987.

GEC is competing, against rival systems offered by three US manufacturers, for the right to complete the work on the troubled Nimrod AEW it began nearly 10 years ago. The Ministry of Defence has given GEC Avionics until early September to demonstrate improvements, while it examines other bids from Boeing, Lockheed and Grumman.

● Mr George Younger, Defence Secretary, dispelled any euphoria among British defence contractors about this week's award to the UK of two Star Wars contracts by saying that necessarily slow progress in the controversial programme could depress public support for it.

# Crowther takes over Sunbeam and Gelfer

JOHN CROWTHER Group yesterday underscored its reputation as Britain's most rapidly-expanding textile company with the announcement of two agreed takeover bids for clothing companies, Martin Dickson writes. One, worth £20m, is for A&J Gelfer, a hosiery, hats and tie group, and the other, totalling I£12.8m (£11.5m) is for Sunbeam Wolsey, the Irish clothing and yarn business.

These two separate deals will bring to five the number of quoted companies acquired by Crowther, which is based in Yorkshire, since it set out on the acquisition trail last October with purchase of Carpets International, one of the UK's leading carpet manufacturers, and Wevercraft Industries, a private company.

It has bought three other companies in small private deals and said yesterday that it was negotiating two more – both for clothing manufacturers – which could cost up to £2m. If the latest acquisitions go through, Crowther's turnover will have grown in one year from around £16m to some £250m.

Mr Trevor Barker, Crowther's chairman since 1981 and the architect of its rapid expansion, said yesterday that the purchase of Sunbeam and Gelfer would round out his plan to build up the business in three equal areas – clothing and cloths; carpets; and distribution.

Sunbeam, which had pre-tax profits of I£1.34m in 1985 on turnover of I£32m, will bring Crowther substantially greater knitting capacity and an entry into clothing export markets in the US and Europe. The offer is 10 new Crowther shares for 13 Sunbeam ordinary, with an I£1.30 cash alternative. Crowther shares closed last night at 159p, down 6p and Sunbeam were unchanged at 120p.

□ HEARINGS started in the House of Lords on the legal dispute over the ownership of the Trustee Savings Bank. The dispute has delayed flotation of the banking group which was scheduled for last February.

□ A BY-ELECTION at Newcastle-under-Lyme, Staffordshire, will be held on July 17. The vacancy is caused by the resignation of the Labour MP, Mr John Golding, who has become general secretary of the National Communications Union. At the last general election he had a majority of 2,804.

□ INDIVIDUAL shareholders in the adult population have more than doubled over the last two years to around 16 per cent, according to a survey of 2,000 people conducted by the British Market Research Bureau.

□ VOLVO of Sweden is to move the headquarters and administrative staff of its UK truck and bus subsidiary from Irvine on the west coast of Scotland to a £4m building at Warwick in the Midlands. All production operations will remain at Irvine.

# Stags mass in hunt for Thames TV shares

BY ALICE RAWSTHORN

"IT HAS been an education standing here, an education in human greed," said Mr Derek Moloy, a South London antiques dealer who travelled to the City of London yesterday to apply for shares in Thames Television.

"I was standing in the queue with one form in my hand and the guy in front of me had a pile of a hundred, just peeling them off, one after the other. These guys are professionals; the ordinary investor like me does not stand a chance against them. Next time I will apply by post."

A queue of stags and would-be investors began to form outside Barclays Bank on Farringdon Street at half past seven yesterday morning to hand in application forms for Thames's shares. From eight o'clock until 10 o'clock a continuous stream of people gathered in the soft morning sunshine to file in and out of the bank.

"We knew it was going to be a big one, but not as big as this," said one of the doormen. "The last time we saw anything like this was for Laura Ashley."

Most of the people milling outside the bank were bona fide private investors, many of whom had seen commercials for the flotation on Thames Television and had decided to buy shares for the first time. Mrs Trudi Sanderson, for example, had applied for shares for herself, her husband and daughter and had withdrawn £6,000 from her building society account – her usual savings vehicle – to do so.

Yet other would-be Thames investors were quite clearly stags, who were buying purely in the hope of making a short-term speculative gain. Some stags hunted in pairs, with one holding a bundle of application forms outside the bank, while the other walked in and out to hand in each form separately. Others were even more blatant, walking in and out of Barclays to hand over applications from the top of their pile.

"After the third or fourth time you begin to recognise the faces," said Mr Robert Dutton, a director of County Group, which acted as the merchant bank and, together with Cazenove, as brokers to the issue. "We placed experienced people on the door and the forms were immediately sorted into two piles, genuine applications and multiples. At least half of the forms handed in this morning went straight into the multiples pile."

County now faces the task of weeding out the stags' forms from the bona fide applications. The forms were sorted at Barclays yesterday and the extent of over-subscription and basis of allocation will be announced today.

Although many of the stags were diehard professionals, they have been joined by a new breed – the occasional stags. The new breed tends not to resort to multiple applications but does try to spot issues that will be oversubscribed and applies for shares with the clear intention of selling as soon as the share price rises to a premium.

Mr Crispin Buxton works in the music business and has indulged in stagging on a small scale since the Cable & Wireless flotation four years ago. "I stagged Laura Ashley, Britoil and British Telecom. I tried to stag Guthrie but it was not oversubscribed. If Thames's share price shoots up I will sell half my shares and hold on to the rest," he said.

# BT could face tougher control of domestic telephone charges

BY JASON CRISP

BRITISH TELECOM (BT) may face tougher regulation of its domestic telephone charges. The Office of Telecommunications (Oftel), the regulatory body, may apply to the Monopolies and Mergers Commission for a change in BT's licence this autumn.

Since it was privatised in November 1984, BT has been required to keep its average domestic price increases to 3 per centage points below the retail prices index (RPI). It is understood that Oftel now believes the RPI formula is too crude and too beneficial to BT in a growing market.

Oftel's annual report, published yesterday, says it has received a large number of complaints about BT's price increases last November, with many people expressing "outrage" at its high profits.

In the report, Professor Bryan Carsberg, director general of Oftel, comments: "The existing price control rule expires in 1989 and a new rule will be needed to take its place at that time. However, I have powers to initiate a proposal to amend BT's licence at any time. I should seriously consider using those powers to introduce a new price control rule, if I found BT's rate of return on capital employed was significantly above the minimum acceptable level."

Oftel is thought to have two main concerns about the existing formula. One is that it is crude and does not take into account the fact that BT's cost of meeting extra demand is only about 20 per cent. One possible proposal will be for the RPI formula to take into account demand, which for inland calls is growing at about 7 per cent per annum.

Secondly, Oftel is debating whether BT's return on capital employed of 19 per cent is too high. Oftel's last investigation into BT's price increases concluded that its returns were a little high, but not enough to justify taking action so soon after privatisation.

Falling interest rates are likely to influence Prof Carsberg's view on BT's returns in the domestic network business where it still enjoys an effective monopoly.

Oftel remains firmly opposed to a regulated rate of return used in the US and wants a form of control which enables BT to keep profits achieved through improved efficiency.

An Oftel staff report examining in detail the issues of pricing and profitability of BT is expected to be completed next months. If it finds that BT is making an excessive return from its monopoly activities, Prof Carsberg will seek a change in BT's licence.

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Max Wilkinson examines a key issue concerning the Government's biggest yet privatisation

# Search to secure Britain's gas supply

WHEN the excitement of Britain's largest privatisation launch has died down, one central question will remain: where will British Gas get its gas from in the next decade or two?

It is a question to which the City of London has so far paid remarkably little attention, perhaps because its strategic importance stretches far beyond the horizons of a successful flotation in November.

Nevertheless, the large reserves of low-cost natural gas which were the basis of British Gas's expansion in recent years will soon be running out. These supplies, mainly from the southern basin of the North Sea, will have to be replaced by gas from smaller UK deposits, which will be much more expensive to produce.

At about the same time, in the mid-1990s, imports from the Norwegian part of the Frigg field, 100 miles south-west of Bergen, will be coming to an end. British Gas's contract for supplies from the Norwegian sector of Frigg is for about 10bn cubic metres (bcm) per year or about a fifth of total UK consumption.

It was to replace these waning supplies that the corporation agreed in February 1984 a long-term contract to buy gas from the Sleipner field in the Norwegian sector, midway between Aberdeen and Stavanger. This was vetoed by the UK Government in February 1985 on the grounds that gas reserves in the UK sector were greater than had been originally estimated.

The Norwegian state oil company, Statoil, reacted quickly by opening negotiations with Elf Aquitaine of France for the sale of Sleipner. Then it switched its strategy and early this month announced a deal with a consortium of European continental gas suppliers for the development of Sleipner and the huge Troll field, in deep water near Bergen.

This means that even if Britain should change its mind, it is too late to buy Sleipner. However, the Norwegians have plenty of high-cost gas in the Troll field which they are anxious to sell.

So the latest Norwegian deal raises the question of whether a newly privatised British Gas would quickly reopen talks with Norway. The proposed pipeline to deliver Sleipner and Troll gas to the continent could be routed close to the Norfolk coast of eastern England. It is even possible that the gas could be piped to the UK mainland at St Fergus near Peterhead and thence to the continent by a new pipeline in the southern North Sea or the Strait of Dover.

This could make particularly good sense if Britain decided to take a share of the Troll field, which will start production in 1996, when British Gas will certainly need new supplies from somewhere.

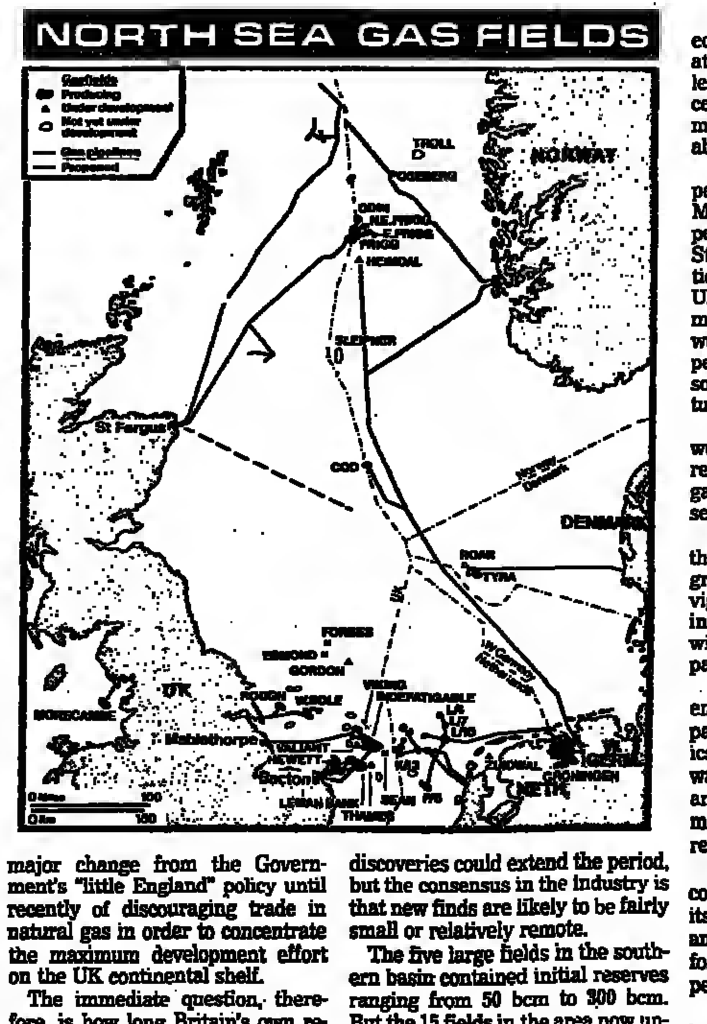
A route across the British mainland could be less expensive than a new pipeline in the North Sea, because gas would not have to travel physically all the way from Scotland to France. Consumers do not know, nor care, about the geographical origin of their gas, provided that it is delivered at a standard quality and pressure.

If Britain were to become part of a more integrated European network, there could be mutual benefits of security of supply as well as economic advantages: pipelines built to carry gas from the UK to the Netherlands could be used for a reverse flow in the case of emergencies.

An authoritative study by Mr Jonathon P. Stern, head of the Joint Energy Programme, published today, points out that closer co-operation and better physical links with the continent would open up the possibility of importing natural gas from the USSR and in the longer term even from Algeria, the Middle East and Africa through continental pipeline systems.

In his study, Natural Gas in the UK: Options to 2000, Mr Stern estimates that, given the political and commercial will, Soviet gas supplies could be flowing into Britain at the rate of perhaps 10 bcm in about five years' time, about the same as now comes from Norwegian Frigg.

This would, however, require a major change from the Government's "little England" policy until recently of discouraging trade in natural gas in order to concentrate the maximum development effort on the UK continental shelf.




The immediate question, therefore, is how long Britain's own reserves will last. Mr Stern finds general agreement among the authorities that the proved total reserves in the UK sector are in the range 1,800 to 2,200 bcm, including gas already extracted, with "probable" reserves between 500 and 800 bcm.

At the present level of production of about 40 bcm per year, proved remaining reserves would last until the end of the century with probable reserves extending self-sufficiency perhaps until 2020. Clearly discoveries could extend the period, but the consensus in the industry is that new finds are likely to be fairly small or relatively remote.

The five large fields in the southern basin contained initial reserves ranging from 50 bcm to 300 bcm. But the 15 fields in the area now under development are generally much smaller.

Mr Stern estimates that a quarter of proved and probable gas reserves are in condensate fields where heavier gases are liquid at normal temperatures and pressures. These fields present technical and economic problems, as does the gas associated with oil in the same fields.

The recent policy of trying to prolong self-sufficiency therefore raises two questions.

The first is whether technical and economic arguments suggest that at least some of the gas should be left under the sea until the next century, particularly if cheaper or more convenient imports are available.

The second question is: what happens when Britain's gas runs out? Most alternatives will be very expensive by present standards. Mr Stern estimates that coal gasification plants to serve the whole of the UK would require capital investment of some £20bn to £25bn and would absorb 100m tonnes of coal per annum, with the cost of that gas some two to three times that of natural gas.

Imports of liquefied natural gas would be similarly expensive, while reliance on Soviet or Middle East gas would raise acute problems of security.

A strong case can be argued therefore, to make this transition as gradual as possible by a much more vigorous pursuit of possible imports in the next few years and greater willingness for the UK to become part of a general European gas grid.

Once the corporation has emerged from the period of near paralysis imposed by the mechanics of flotation, it will undoubtedly want to test the scope of its freedom and the strength of the Government's hints that it will relax its restrictions on gas trade.

The corporation will also have to consider whether it should reverse its previous expansionary policies and gradually prepare the country for an era of scarcer and more expensive gas.

These are big issues of strategic importance for Britain's energy security. From November, British Gas will have to consider them alongside a new and unfamiliar question: "Will this maximise profits within the time horizon of a typical shareholder?"

*Natural Gas in the UK: Options to 2000, by Jonathon P. Stern, Joint Energy Programme (Policy Studies Institute and Royal Institute of International Affairs) Gower Publishing, Croft Road, Aldershot, Hampshire (£19.50).*

# MANAGEMENT: Marketing and Advertising

EDITED BY CHRISTOPHER LORENZ

## 'Cold calls' seek a warmer welcome

**Feona McEwan examines the growth of telephone marketing**

"It's that computer selling double glazing again—tell it you've got a headache"

"HELLO," said the cheery voice on the telephone, having established my name. "My name is Sally and I'm delighted to be the one to tell you that you have just won £4,000 worth of services . . ." All very nice, I'm sure, but this was neither the time nor the place for uninvited guests.

Not only was it 7.45 pm, Saturday night, at home, a time when most conventional sellers have shut up shop, but while Sally was delighting herself, the rest of us were being delighted by France and Brazil who were showing how football should be played. Once the commercial intent of the call dawned on me, I made my excuses and left. To be fair, Sally did get off the line sharpish, though not before making me *promise to call her* back the following Monday.

This instance of telephone marketing throws up some of the issues surrounding what is undoubtedly a flourishing business practice. Telemarketing to homes and offices comes in e variety of hues and involves principally specialist agencies or a selling company's own in-house department. There is the outgoing call, like Sally's cold call, or "warmer" calls to existing customers. Additionally there are incoming calls when consumers respond to an ad on radio, television or in print. The in-house department is a growing trend; most manufacturers of fast-moving consumer goods have these — IBM and Bird's Eye Walls are serious users.

And according to Pauline Marks, one of the industry's prime movers who opened her first UK operation seven years ago, "we're at the beginning of an enormous expansion." Whether it is selling diesel engines or FT diaries, leasing a stately home or fund-raising for charity (Sport Aid used the method), conveying government directives to remove withdrawn products from retailers' shelves, or consumers responding to ads, telemarketing is a medium on the make.

Figures for the UK industry are sketchy but according to e survey conducted by Ogilvy and Mather Direct, a direct marketing agency, they show the phenomenal growth. From e survey of agencies only (that is, excluding in-house telemarketing operations) it estimates thai outgoing calls accounted for some £30.6m in 1985 and incoming calls for £5.6m. This compares with £19.7m in 1984 and £3.5m respectively.

In the US the practice is growing faster than direct mail at $34bn against $13.4bn for direct mail in 1984. There may be more of it about in the US and it mey be a harder sell there but techniques generally are no more advanced, believes Robert Leiderman, e New Yorker who has experience on both sides of the Atlantic. Leiderman is *now manager director of* the British Telecom Telephone Marketing Operation which he reckons is the largest in Europe and among the top 10 worldwide, with some 300 telephone operators ("no, we can't say our billings") Europe is catching on fast with flourishing operations in the Netherlands, France, Scandinavia and West Germany (where it is tightly legislated).

Yet telemarketing still has an image problem, particularly with calls to people's homes. Though only a fraction of the total (in BT's case, for instance, some 15 per cent of the business) residential calling (even to ex-directory numbers) can and does upset people.

Last time the Office of Fair Trading investigated the practice, in 1984, it found a minority of subscribers reported bad experiencea. They complained of evasiveness, deception and nnacceptable persistence. It is this burr of bad practice, that the industry, ever sensitive to criticism of its methods, ie keen to stamp out. A number of moves to set the house in order are currently under way—though, as Leiderman puts it, you will never stop anyone reeching for the phone book and making a call. BT seems e mite sensitive itself, insisting on tape recording the Leiderman/FT meeting.

Leiderman takes issue about criticisms. "When people think of telemarketing they think of their perceived concept of telephone marketing," he says, citing double glazing and insurance, two of the heaviest early users, as factors here. He quotes a case in the US when one Olin Mills, a company that processed baby portraits, found that 50 per cent of its customers objected to telephone marketing. Yet the company only did business on the telephone.

Simon Roncoroni, sales and marketing director of BT's telemarketing arm, notes that "you hear people saying they never buy through mail order, then you see Time-Life books or Reader's Digest books on their shelves. They have no objection to these because they perceive them as something they want." Pauline Marks, reports just 18 requests not to call again in her seven years' practice in the UK. "The British enjoy the telephone," she believes, "and we're well trained not to push."

The professionals agree there's no mileage in press-ganging e consumer into buying something be doesn't want, since it will just beckfire. The idee is to sell things to people that they want. Targeting therefore is as relevant in this area as any other marketing medium. In her new book on telephone marketing,* Marks recalls the Time-Life tenet, bold up for staff: "If the man says he doesn't read, thank him for his time and close the call." People can be divided broadly into yeses, noes and middleground, Leiderman believes. Where the phone works, he says, is to take the middles and move them into the yes department.

It's a knack that many of the major companies are fast learning, some of them developing their own in-house marketing operations (IBM, Mercantile Credit, Birds Eye Walls), though not all define their departments as such. BT's client list includes American Express, 3i, Thorn EMI, Mars, Rank Xerox and National Westminster Bank.

The industry is self-regulatory with guidelines-cum code of practice laid down by the British Direct Marketing Association. Together with the OFT these are currently being tightened. The guidelines include no calls to be made at an unreasonable hour, in most cases no later than 9 pm (though shift workers would be an exceptional case); no unsolicited calls in a random or sequential way dialled manually or by computer; outlawing of sugging (selling that is disguised as research); care not to accept orders or eppointments or invite any other action from e minor; where a meeting is arranged with the consumer, a contact point must be arranged in case of change of heart and so on. There are plans to implement e telphone "preference" service (direct mail already has the equivalent) whereby consumers can register to have their names removed from the telephone marketing lists most used.

Where Sally would get black marks for her technique is her failure to identify instantly the company she was representing and the purpose of the call—two cardinal telemarketing rules.

For many marketeers, telephone marketing is still a last resort. Far better, say the professionals, to use it as part of tho total marketing mix. Incoming calls are one example, where the consumer responds to an initial stimulus on television or in print. Financial services have been latching on to this concept increasingly in recent years.

Compared to the cost of travelling salesforces costing an estimated £27,000 per person per year, which Marks suggests may be an "antiquated technique for many companies now," initial contact by telephone can save pounds and hours. In theory it offers salesmen qualified leads, that is, to interested parties to make their job more effective.

The telemarketing technique may be potent, but it owns up to failures too. Leiderman recalls tha instance involving the selling of personal computer peripherals which drew a blank response. Then the penny dropped. "Nine-year-olds don't have Amex cards." What had happened was that tha parents had bought the pcs for their children, registering tha children as the owners. Peripheral supplies were therefore directing their efforts at the wrong target.

Uses of telemarketing are infinite, Pauline Marks lists some: to reactivate lapsed accounts; service low volume business; produce qualified sales leads; sell products directly; find new prospects; and undertake research. She has sold a crane for £30,000, organised home loans; contacted prospective shop owners in the new Brent Cross development. Next it could be the politicians' turn — this is now regular practice in the US. Marks believes the next election will see it in UK.

The use of telephone computers that speak to you arouses considerable controversy, mainly because of possible misuse. "I'm not keen," says Leiderman.

But the day is not inconceivable when you pick up the phone and the voice says "This is a computer talking to you on behalf of XYZ . . ." ending its message with "Thank you so much for your time. To e computer you sounded e really nice human."

* The Telemarketing Book, by Pauline Marks. Business Books, 136 pages, £15.95.

US cosmetics

## Nose jobs for one and all

**Frank Lipsius reports that surgical solutions are becoming an increasingly popular option in the beauty care industry**

WHEN REPONSIF, a new line of skin-care products, was introduced at an elegant New York lunch for writers from Vogue, Harper's Bazaar and other fashion magazines, the featured speaker was Dr George J. Korkos, e Milwaukee plastic surgeon. Telling his audience that he had been "pondering beauty for 25 years," he discussed how plastic surgery in America has been integrated into the beauty business and practically become an extension of the $412bn cosmetics industry. What was clear was that cosmetic surgery was no longer a "product" for a small, generally wealthy clientele, but had become a heavily marketed option, like many products, for e mass market.

Armed with slides of "before" and "after" patients, Dr Korkos highlighted the limits of cosmetics. Using liposuction, e vacuum cleaner device, he eliminated "the turkey gobbler's deformity" from the neck of a 70-year-old woman. A San Francisco woman came in wanting a nose that tipped up; "in the midwest, they like them straight," he conceded.

He built up chins to make faces of men and women look stronger, less like "chinless wonders." The happiest patients are the ones who have large breasts made smaller, though plastic surgeons are equally adept at making small breasts larger with plastic implants.

Cosmetics could have made one of the dramatic changes his slides portrayed, but Korkos, it turns out, helped develop the Reponsif skincare line using special amino acids and proteins because "skincare products are an extension of the work I do. The testimony of beauty is the skin, a yardstick for ageing."

For increasing numbers of Americans, plastic surgery has lost the intimidating aura of an operation and becomes more like e trip to the beauty shop. Women go to their plastic surgeons with photos from magazines, asking doctors to make them look like the models they point out. Teenage girls get breast surgery for their end of school term ball *gowns* and real-estate saleswomen stay glamorous with face lifts. The busiest seasons for plastic surgeons are *spring and autumn*, when women want fat removed so they look good in bathing costumes and to get ready for the winter social season.

Doctors provide an increasing number of effects traditionally left to cosmetics. They put tattoos along the rim of the eyelid to make a permanent eye-liner and give injections of Zyderm Collagen, implant a calf-hide derivative that offers an alternative to skin cream for removing wrinkles. Men get hair transplants instead of toupees. More than 40 per cent of the procedures are being done on women less than 35 years old; 36 per cent are being performed on men.

### Overnight recovery

Plastic surgeons are doing 75 per cent of their aesthetic work, including face lifts, nose jobs and breast implants, in their own offices as out-patient procedures. Dr Steven Herman, a New York plastic surgeon, has face-lift patients wheeled from his office to e room in the Pierre Hotel for overnight recovery, but the procedure itself avoids the expense and stigma of being among the very ill in hospital. Since most plastic surgery is elective and not paid for by American medical insurance, doctors try to hold the expense as much as possible to just their own fees.

Procedures are not cheap. Dr Herman charges $275 to $325 for e Zyderm Collagen injection in a series that could require four separate sessions. Dr Eli Milch, e New York plastic surgeon who advertises on television, charges $5,000 for a facelift and $2,000 for a nose job. In Milwaukee, Dr Korkos charges about the same. He points out that while the cost of so many things has gone up, the price of plastic surgery has remained remarkably steady over the last ten to 15 years.

What has changed is the number of operations a surgeon will do. Dr Korkos performs about 12 procedures e week, 25 to 30 per cent more than a few years ago. The American Society of Plastic and Reconstructive Surgeons, Inc. (ASPRS) surveyed its 2,400 members to find *that plastic surgeons performed* 1.8m operations in 1984, 477,700 of which were aesthetic operations, up 61 per cent from 296,500 in 1981. Dr Milch sees less age categorisation with "more older women getting nose jobs and more younger women getting face lifts."

Perhaps most surprisingly of all, the operators are losing their Hollywood and jet-set image with more than 50 per cent being made on patients with modest incomes of less than $25,000 a year. The change reflects e number of demographic factors like the ageing of the American population, the woman in the workforce who can afford to do what they want without husband approval and the growing familiarity and acceptance of plastic surgery.

The ASPRS provides a nation-wide toll-free telephone number, slickly chosen for American telephones that retain letters as 800-332-FACE, to give consumers the names of three plastic surgeons in their area. Dr Korkos points out that the preferred term now is "aesthetic surgery," to make it sound less intimidating.

Some doctors have installed e $25,000 computer imager that allows a doctor to redraw a face with a new nose, chin or other desired features to market their wares. Some doctors, like Drs Milch and Korkos, refuse to use this device for fear of patients' recrimination—and law suits—for failing to match an explicit promise. Though Dr Korkos does not advertise, he believes those who do encourage patrons for all the plastic surgeons.

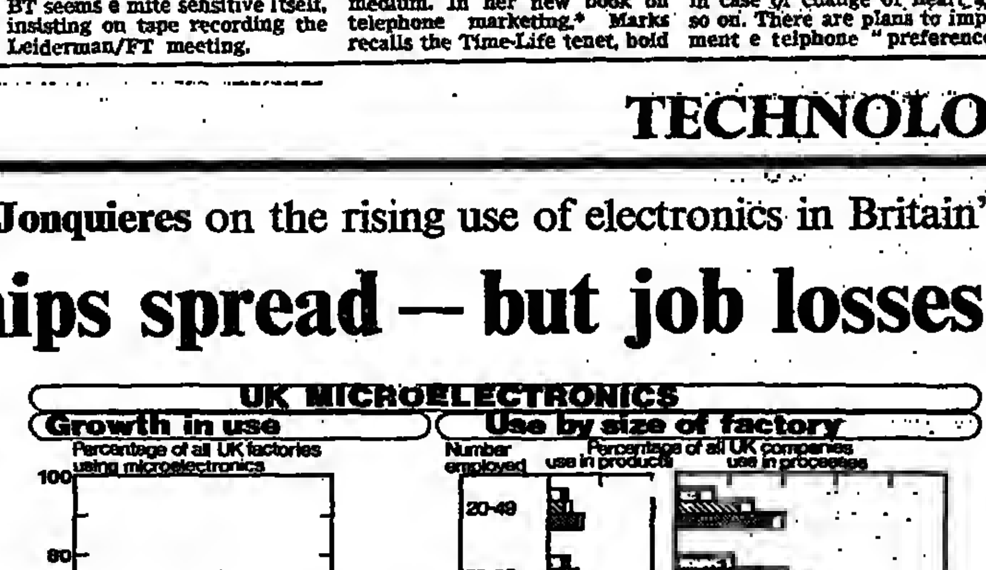
Unlike other doctors, plastic surgeons see healthy patients for whom they perform a service that simply makes people feel good, and can be a lot cheaper than psychiatry. "I liked the idea that I could cure people right away," comments Dr Herman on his reason for specialising in cosmetic surgery.

The doctors can also expect to see patients again end again. A facelift lasts less than 10 years. Breast implants can *become hard and lump-like* and wrinkle cures do noi stop egeing In its growing popularity and effectiveness, plastic *surgery is an extension of* the cosmetic industry, though it belies the superficial assumption that beauty is only skin *deep.*

# TECHNOLOGY

**Guy de Jonquieres** on the rising use of electronics in Britain's factories

## Microchips spread — but job losses increase




THE NUMBER of factories in Britain using microelectronics in their products or production processes has more than doubled since 1981 and now accounts for more than half the total, according to e survey by the independent Policy Studies Institute.*

This trend has been accompanied by a sharp acceleretion in job losses, particularly among male staff and unskilled shop-floor workers. The survey estimates that the introduction of microelectronics led to a net decrease of 87,000 jobs in manufacturing from 1983 to 1985, compared with 34,000 over the previous two years.

The decline since 1983 was much faster than industry had expected. Manufacturers say they expect the rate of job losses to slacken to around 27,000 over the next two years.

By contrast, many *companies* are still having trouble finding qualified staff to help them apply microelectronics. Lack of skilled experts emerges as the biggest obstacle to faster progress, being cited by 46 per cent of UK factories. A quarter of all factories using microelectronics do not employ specialists in the technology.

The survey's findings are based on a study carried out last year at a sample of 1,200 UK factories employing more than 20 people, which the Institute began *monitoring* in 1981.

Overall, the survey estimeles that 53 per cent of all factories in the country are using microelectronics, compared with 39 per cent In 1983 and 21 per cent in 1981. But the technology is mnch more common in processes than in products.

Forty-nine per cent of factories are using it in process applications, up from 37 per cent in 1983, while only 13 per cent ere using it in products, up from 8 per cent two years earlier. Of total UK manufac*turing output, 8 per cent is* estimated to consist of products containing microelectronics and 24 per cent is produced using *microelectronically* controlled processes.

The different degrees of application are attributed mainly to the fact that it takes considerably *longer to develop* new products than to instal new production equipment using microelectronics. However, complex *production automation* systems which also account for the general job losses, are still relatively rare.

The most enthusiastic users of microelectronics are found to be big factories owned by non-British companies, and application to products is most common in engineering. Specifically, the survey says:

● Use of microelectronics is four times more common in *production processes* at factories with 1,000 or more employees than those employing less than 50 people. Job losses due to the application of microelectronics are also heaviest in large factories.

● Ninety-two per cent of UK factories belonging to overseas groups are microelectronics users, *compared* with 82 per cent of those owned by British groups and 55 per cent of British independent companies.

● The electrical engineering industry is, not surprisingly, the most prolific user of microelectronics in products, with 63 per cent of factories applying the technology in this way. It is also the single largest source of job losses.

Microelectronics usage in processes is fairly widely spread across industrial sectors, with figures ranging from 36 per cent in clothing to 86 *per cent* in food and drink.

● Regionally, microelectronics usage in products is highest in *East Anglia (21 per cent* of factories) and lowest in tha north (6 per cent). In production processes, it is highest in the north *(60 per cent)* and lowest in the west Midlands (39 per cent).

The survey notes that the application of microelectronics appears to have slowed in processes but to have accelerated in products. It *forecasts that, by 1987, 11* per cent of total UK manufacturing output will be products incorporating microelectronics *and 34 per cent will be from* microelectronically - controlled processes.

Because of the high rate of penetration *which already exists* in larger factories, the survey says that further increases in applications must come mainly *from smaller plants.*

* Microelectronics in Industry: Promise and Performance. £29.95. Policy Studies Institute, 100 Park Village East, London NW1 3SR. Tel: 01-387 2171.

## £150m ICI gamble to find 'something big' in seeds business

OUT OF THE BACKROOM

by David Fishlock

IN THE early 1970s ICI, Britain's leading chemical company, examined the international seed business as e possible diversification for its extensive activities in agricul*tural chemicals and crop* protection. It concluded that it had nothing to offer sciantifically that might give it an edge *commercially in* e *business* anchored in the Victorian era.

A decade later, *Dr* Charles Reece, one of those who made the earlier *study* but by *now* ICI's research director, re-opened tha issue. As a result his board has approved a commitment to plant science of at least £150m "to come up with something big," says Dr Edward Dart, research director of the newly created International Seeds Business at ICI's Jealott's Hill Research Station in Surrey.

The ICI board was warned et the outset not only that the entry fee would be large but the time scale would be long by industrial research standards.

### Looking for a prize as profitable as paraquat herbicide

Its scientists were talking not of a 5-10 year programme—long-term by normal private company standards—but of 15-20 years. The prize, however, could be something as profitable as paraquat, ICI's revolutionary herbicide. "There will be surprises," Ed Dart forecasts confidently.

Dr Dart is himself e key factor in the decision to plunge so heavily into e gamble which is also attracting such international names as British Petroleum, Elf, Monsanto, Shell and Unilever to the seed business. He was heading a large bioscience team at Runcorn which since the early 1970s had been studying the emerging technology of genetic engineering and its long-term possibilities for ICI's activities in pharmaceuticals, food and agricultural products.

He had forged close academic links with such universities as Nottingham and the Royal Holloway College in the UK, and with the Government's Plant Breeding Institute in Cambridge. At all three he was funding research projects at the frontiers of plant biotechnology. He was also e valued *edviser in government circles,* both for the promotion and the regulation of genetic engineering.

*Above all, in Charles Reece* he had a research director on the ICI board who was asking: "Tell me how you think we can use this science."

The answer was thet in the short- to medium-term — say, in the next decade — the new bioscience should shorten the breeding programme for new crop strains, now about 12 years, by a few years, perhaps to as few as five. This should mean cheaper seeds. But in the longer term — 15 years or more — the bioscience should yield crops that are impossible to breed today, because the crucial genes simply will not transfer from plant to plant by the traditional plant breeding methods. These new strains may be crops that make their own fertiliser, fight off predators, or open new vistas in flavour or texture.

He has already helped to shape the new British Government-backed research programme to develop a "genetic tool-kit" (described in this column last month).

This £3m pre-competitive research programme, involving 11 companies, focuses on four crops of particular interest in Europe: wheat, barley, peas and oil seed rape.

But the US market widens the opportunities with maize, soya, sunflowers and other vegetables. *Part of Dart's £10m* research budget will be spent with the Garst Seed Company, ICI's new US acquisition with £100m sales, specialising in maize and cereals like sorghum and wheat.

As the company sees it, the developed world affords the earliest opportunities for plant biotechnology because farming practice is sufficiently well developed to ensure that the new opportunities work. Only later will they spread to developing countries, despite the evident opportunities here for instilling in seed resistance to heat, drought, salt and indigenous pests.

With his general manager Richard Wood, a chemical engineer who helped plan the new company, Dart is assembling an *international* "plant science community" managed from the Jealott's Hill headquarters. At Runcorn, for example, the bioscientists have been working with Nottingham University and the Plant Breeding Institute to try to isolate the *enzymes* that trigger ripening in tomatoes.

It is well known that the gas ethylene sets off a cascade of ripening effects in fruit. In tomatoes, these include reddening, sweetening and softening. If the "switch" which sets off *this ripening* process by releasing ethylene can only be isolated, it may hava valuable commercial possibilities. Such, "switches" are often common to many plants and, as Dart sees it, the tomato gives his researchers an excellent opportunity to practise their new skills in partnership with internationally respected academics.

### Search continues for right European acquisition target

Similarly, bis scientists are working with Dr Richard Dixon at the Royal Holloway College to find the enzyme switches which help combat attacks by pests and diseases in crops; the *French* bean being used as a model for research.

In the US ICI is looking at how Garst might use skills already acquired at Runcorn, for example in using gene probes designed to identify particular virus diseases, or to "finger print" new crop varieties in order to protect them more securely against patent infringement. The US has led the world in accepting the principle of proprietary property in plant genetics.

ICI is still seeking the acquisition of a major seeds business in Europe, having failed last year in its quest to purchase the Swedish seeds company, Cardo.

While it continues its search it believes that its technological base will have a significant role in its ambitious plans for managing the science of seeds.



## Radar breaks new ground to see beneath the earth

BY GEOFFREY CHARLISH

VARIANTS of normal radar techniques being developed by a team at Cambridge Consultants (CCL), e major UK contract research organisation, will allow subterranean data to be gathered.

Called impulse radar, this relatively new technology is finding applications in geological surveying by the oil and mining companies and by those needing to map the paths of underground pipes and sewers.

The technique et first sight seems to defy the laws of normal radar, where the established purpose is to transmit a signal through air and obtain e reflection from a solid object: the time of return gives its range, the pointing direction of the aerial its bearing.

Such systems work at *specific, very high radio frequencies* and use transmitters, receivers, aerials and cables or waveguides that are tuned to that frequency only. Tuning makes it possible to obtain returns over hundreds of miles, to give surveillance of large geographical areas.

Impulse radar is quite different. Researchers at CCL and other labs over recent years have found that by sending rather crude, broad-band pulses of radio energy into the ground, considerable penetration is possible and returns are obtained et the interfaces between dissimilar materials.

Much of the work at CCL is concerned with generating very short but high-powered bursts of electromagnetic energy and the associated problems of designing aerials that will propagate adequately and receive sufficient returned signal to make a measurement. The advantages of normal tuned radio frequency operation are lost, since the pulses contain a wide spectrum of wavelengths.

One of the versions is a helicopter-mounted system designed to measure sea ice thickness in the Arctic offshore industries. Data such as ice thickness and its speed of motion (or of the water currents beneath) are important to engineers designing platforms. These are built on the sea bed and protrude through the ice, so must be able to stand up to its motion and pressure.

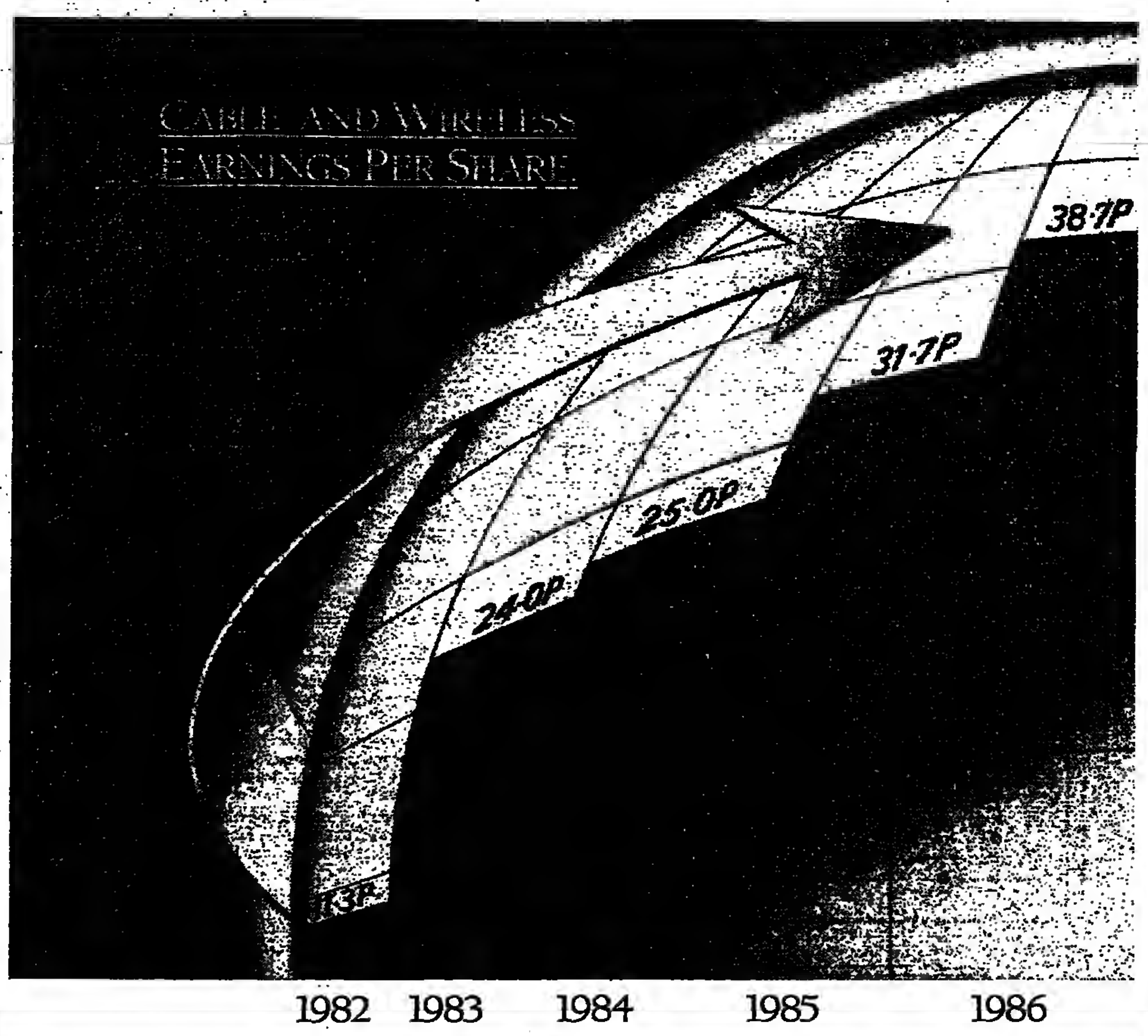
In another application, the transmit/receive head is accommodated in a horizontal or angled bore hole and can "see" the surrounding strata, giving indications of a termination or a change of direction of, say, e coal seam.

For pipe detection, impulse radar has the advantage that it can see plastic, whereas many systems based on magnetic field technology can only find metal. More from Mr Gordon Oswald on 0223 358855.

"The past year – the fifth since privatisation – has been a period of achievement and progress. Pre-tax profit has increased by 20 per cent from £245 million to £295 million; and earnings per share have increased by 22 per cent from 31.7 pence per share to 38.7 pence per share.

The establishment of a competitive, secure, global digital highway linking the major economic and financial centres of the world – our corporate objective – is progressing well. The global network being developed will meet the increasingly sophisticated telecommunications needs of multinational corporations as well as the continuing demands of developing economies.

Our strategic development plans in the Far East and the Pacific have moved forward significantly. We have responded positively to the invitation to form a partnership with C. Itoh, a leading Japanese trading corporation, in a feasibility study for an alternative international telecommunications company in Japan. Support will be given by NTT(I) the international subsidiary of the Nippon Telephone and Telegraph Company which is the dominant operator of telecommunications in Japan.




In December, 1985, Her Majesty's Treasury successfully sold its remaining shareholding in the Company. At the same time the Company took the opportunity of issuing some 56 million additional shares. I welcome almost 175,000 new shareholders as a result of this share offer – which was the second largest equity offering in the world.

Cable and Wireless achieved another goal by being the first British company to be listed on the Tokyo Stock Exchange on 2 April, 1986. This will contribute to the greater awareness of the Group in the Far East and will also contribute to planned future extensions of our activities in the vibrant economies of the Pacific Basin.

Your directors continue to pursue vigorously other interesting and worthwhile opportunities which can only be disclosed as they reach fruition. I am confident that the achievements of the future will not disappoint our new shareholders.

On 31 March, 1986, Douglas Buck retired from the Court of Directors. We wish him and his wife a long and happy retirement. I express our gratitude for his contribution to the Company after 44 years of dedicated and

# "CONTINUED PROFIT GROWTH THROUGH GLOBAL INVESTMENT."

## PRELIMINARY RESULTS

| £m | 1986 | 1985 |
|---|---|---|
| Turnover | 907 | 862 |
| Profit before taxation | 295 | 245 |
| Attributable profit | 180 | 144 |
| Earnings per share | 38.7p | 31.7p |
| Dividend per share | 9.5p | 7.8p |

The Directors propose a capitalisation issue to shareholders on the basis of one new Ordinary Share for every one held.

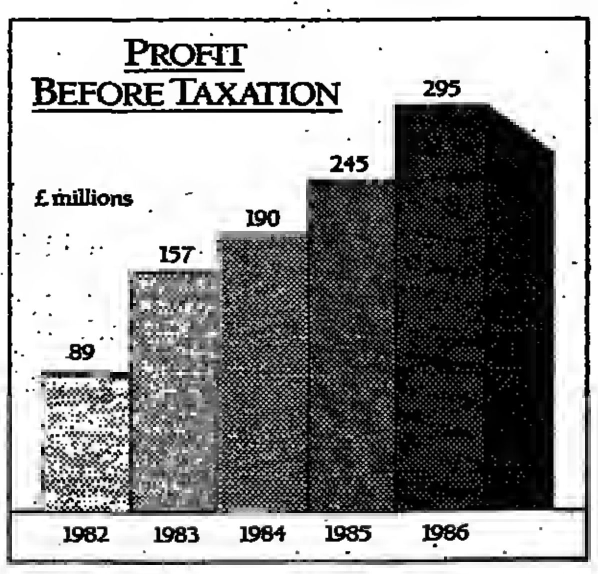
By 1990 our new joint venture with Pacific Telecom of the United States and this new Japanese company expects to be operating a trans-Pacific fibre optic cable (PPAC). This, with an extended fibre optic network across the United States and our trans-Atlantic fibre optic cable (PTAT), will enable the Group to handle telecommunications traffic securely, rapidly and economically between the major business and finance centres of the world.

I welcome the interest of Nynex in becoming an equal and active partner with Cable and Wireless in the trans-Atlantic cable. Nynex, one of the largest Bell Operating Companies, operates the domestic telecommunications services in the north-eastern area of the United States from New York City to the border with Canada. Such a partnership will provide the basis for a digital linkage between the United States and the digital network of Mercury in the United Kingdom, the 100 per cent subsidiary of Cable and Wireless.

The expansion of Mercury proceeds most satisfactorily. 15 May, 1986, was an historic occasion when I had the privilege with the Secretary of State for Trade and Industry, The Rt Hon Paul Channon, MP, of inaugurating a competitive public switched network making Britain the second country in the world after the United States to have an alternative public network.

We hope that with the planned installation of local exchanges Mercury will be able to provide competitive services to an increasing number of customers. It is with considerable satisfaction that I can record that more than 80 per cent of Mercury equipment is provided from the United Kingdom.

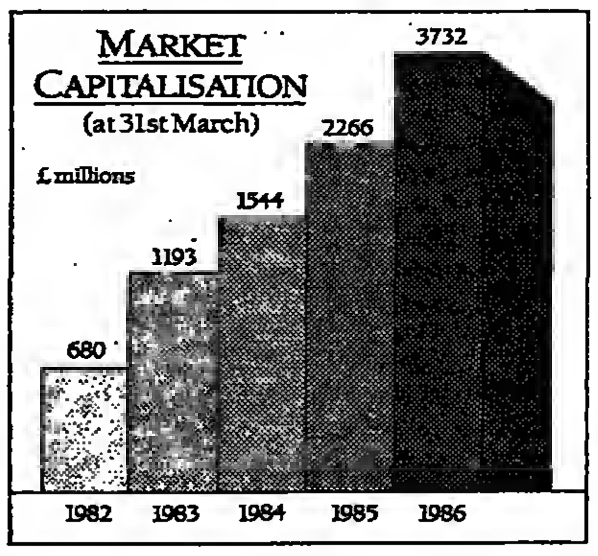
The deregulation of the City of London's financial markets, the 'Big Bang', has stimulated an increased demand for a wider range of more sophisticated communication services. Mercury is laying a fibre optic network within the City to




meet this demand, and also ordering a System X digital exchange which will be installed in London in the autumn.

Mercury is now a fully established international carrier, following its agreement with AT&T in April, 1986, to operate an international switched telephone service between the United Kingdom and the United States. New agreements with other administrations are being negotiated.

The Far East continues to be a major contributor to Group profits. In December, 1985, I was privileged to open the Eastern Section of the Guangdong microwave project for which Cable and




Wireless provided technical assistance.

On 14 March, 1986, I opened the Western Section, thus facilitating telecommunications traffic between the 25 cities now linked in the Guangdong Province and with Hong Kong.

The entire microwave system stretches over 1,000km. The project to allow direct dialling to Hong Kong from ten cities in the Pearl Delta area is substantially complete.

## ANNUAL GENERAL MEETING

The Annual General Meeting will be held at the London Hilton Hotel, Park Lane, London W1 on Friday 25th July 1986 at 11.30am.

## REGIONAL MEETINGS

For shareholders unable to attend the Annual General Meeting a series of Regional Meetings will be held.

An audio-visual presentation will be given of the Group's activities both through Mercury Communications within the United Kingdom and Internationally.

All shareholders will be welcome and will have the opportunity to ask questions concerning any aspect of the Group's operations which is of particular interest.

| | | |
|---|---|---|
| Monday, 28th July | Birmingham | Albany Hotel |
| Tuesday, 29th July | Bristol | Grand Hotel |
| Thursday, 18th September | Manchester | Hotel Piccadilly |
| Friday, 19th September | Leeds | Queen's Hotel |
| Monday, 8th December | Edinburgh | Caledonian Hotel |

Meetings will commence at 5.30pm except for Leeds where it will be at 12 noon.

professional service. I also welcome to the Court two new directors Rod Olsen, Director, Far East and Gordon Owen, Managing Director, Mercury Communications. They are responsible for major sectors of the Group's activities and we look forward to many years of successful contribution from them.

In conclusion, I thank my fellow directors and the managers and staff throughout the world for their support in maintaining and strengthening the pre-eminent position of the Group as the world's leading international operator of telecommunication services. We shall continue to grow and to grow profitably."

Sir Eric Sharp
Chairman and Chief Executive

**CABLE AND WIRELESS**
A world leader in Telecommunications

CABLE AND WIRELESS PLC, MERCURY HOUSE, THEOBALDS ROAD, LONDON WC1X 8RX.

# International Appointments

## Managing Director Fund Management

### Hong Kong

A major international fund management company, part of a leading British merchant bank, wishes to appoint a Managing Director for its Hong Kong subsidiary.

The key responsibilities include:-

- Managing significant funds in Hong Kong and other regional markets for local clients.
- Marketing fund management services to prospective clients.
- Informing London head office of local market conditions.
- Reporting to local clients on portfolio performance of funds managed both in Hong Kong and London.

This is an excellent opportunity for an energetic and experienced fund manager, who should be able to expand significantly the client base and to sustain high quality investment performance for institutional and private clients in the Pacific market.

A generous compensation package of salary and valuable expatriate fringe benefits is offered.

Please reply in confidence with full cv details to Box No. MD200, Chronicle House, 4th Floor, 72-78 Fleet Street, London EC4Y 1HY.

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Retail Bank – Middle East

## Assistant General Manager Head of Loan Recovery

The Bank is a leading local bank in one of the pre-eminent Gulf States, with the Government owning a majority shareholding. It has a well established domestic branch network and branches in Asia and New York. It provides a broad range of retail banking services for institutions and commercial customers.

The Assistant General Manager will take full responsibility for the management of the loan recovery department established to restructure and work out the non-performing assets that the Bank now finds on its books, as s result of changed business conditions.

The role demands:–

- experience in restructuring non-performing loans, conducting work-outs and supervising litigation and liquidations.
- the ability to negotiate at the most senior level.
- strong management and motivation.

An energetic and experienced senior retail banker with initiative is needed. Knowledge of the Middle East would be valuable. Ideal age group is 40-50.

The successful candidate will receive a generous tax free compensation package, including substantial fringe benefits.

Please reply in confidence with full cv details to Box No. AGM202, Chronicle House, 4th Floor, 72-78 Fleet Street, London EC4Y 1HY.

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Institutional Sales – New York

## Major U.K. Stockbroker

A leading British stockbroker, now the subsidiary of a major international bank, wishes to expand the U.K. section of its highly successful New York based sales team. The firm has a notable U.K. research product and a well established and growing institutional client base in the U.S.A.

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- a research orientated approach.
- a high degree of energy and good communication skills.

This is an excellent opportunity for an ambitious U.K. stockbroker to join a prominent team in a competitive market place. Ideal age is 25 to 35.

A generous compensation package of salary, bonus and expatriate living allowance is offered. Long term opportunities with the firm are excellent.

Please reply in confidence with full cv details to Box No. IS201, Chronicle House, 4th Floor, 72-78 Fleet Street, London EC4Y 1HY.

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## MANAGING DIRECTOR EUROPE

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Heller Overseas is a wholly owned subsidiary of the Fuji Bank Limited. Heller is a major speciality lender in receiverables with an annual turnover in excess of 5 billion dollars in 14 countries outside the United States.

The successful applicant will possess the personal skills to manage the Board relationships and will have the energy and imagination to bring us into our specialty niche in European merchant banking. London based. European languages other than English will be a plus. Compensation package commensurate with experience and ability.

*Please send your curriculum vitae to Box A0180, Financial Times, 10 Cannon Street, London EC4P 4BY*

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Yet we are not prepared to rest there. This year we aim to improve our corporate stance even further, both in terms of our market share and, importantly, the level of the highly personal and accessible consultancy service our clients enjoy, **wherever** in the world they might be.

*We now wish to add to our International* Financial Consultancy team a small number of people who identify closely with our *motivations, our style of business and our* pursuit of excellence.

Being already highly visible and highly regarded in the overseas community where you are living and working at present will be a major criterion in your selection as a new member of our organisation.

We shall also be demanding of you a degree of self-confidence, high performance and self-motivation that is a close match with our own, together with evidence that you, like us, can *not only tackle* a challenging assignment superbly well in a competitive and fast-paced market, but that you will ***thrive*** on *that challenge.*

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To discover more about the mutual benefits of working together with Finexco worldwide, please forward a copy of your CV to: Hilary Gane, (Ref: 381FT), Whites Bull Holmes Limited, 63-66 St. Martin's Lane, London WC2N 4JX.

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## TBG

### Director of strategic business analysis – Monaco

**The Company**

A *privately owned industrial group operating principally in North America and Western Europe.* Major interests are in agricultural machinery; pumps, glass containers, information technology, metals, electrical and construction products, gas transport and trading, and container leasing.

**The Position**

Reporting to the Vice President Corporate Development at Corporate headquarters in Monaco, the incumbent will be responsible for:

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– contributing to development of business plans and assessment of acquisitions.

**The Requirements**

– A demonstrable track record in analysing a wide range of business situations.
– Experience of working with top management.
– Ability to make broad business judgements and to structure creative financial deals.
– Relevant experience in planning, management consulting, corporate finance, or investment analysis.
– Complete fluency in English and knowledge of German and French useful.
– *Likely age is thirties.*

Career prospects are excellent, either in corporate role or by transfer to an operating unit. TBG is looking for an outstanding individual and is prepared to pay accordingly. Reply in confidence, with career résumé, to J.B.H. Raë TBG Management SAM, 3, rue Louis Aurèglia, P.O. Box 89, MC-98007 Monaco Cedex.

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## OVERSEAS OPPORTUNITIES

Our client, the Papua New Guinea Harbours Board, is seeking 2 very capable Financial Executives to complete their management team.

The Papua New Guinea Harbours Board has 560 employees and controls 16 Ports in Papua New Guinea. Both positions are located in Port Moresby, which offers an active social life and attractive sporting activities.

### Financial Manager

ATTRACTIVE SALARY PLUS CAR AND BENEFITS (FILE NO: 3069)

This position carries full responsibility for all the financial functions of the Board. Reporting to the General Manager (Administration), the challenge includes: Annual budget preparation and regular reporting; Development and documentation of systems and training of users; Financial policy advica; Preparation of statutory accounts.

The Executive will ensure complate and timely financial reporting to Management, interact with government departments, banks and other bodies and manage a team of 14 staff.

Candidates must be a member of a recognised accounting Institute and should have considerable experience in a senior position. The ability to communicate at Board level and with line management is essential.

The position will appeal to an executive seeking full financial responsibility, who can operate independently and effectively contribute as part of the management team.

### Chief Internal Auditor

AROUND £18,500 PLUS CAR AND BENEFITS (FILE NO: 3079)

Reporting to the Audit Committee of the Board, this executive is responsible for the professional conduct of all internal audits including audits of: Management Controls; Accounting and Purchasing; Personnel Systems and Records; Computer Systems; Ports.

The position offers the challenge of consolidating the audit function as an aid to effective management. Development of 3 Audit Officers will be an on-going function and frequant travel throughout Papua New Guinea is involved.

Tha incumbent will belong to a recognised accounting Institute and should have extensive audit experience, preferably at Audit Manager laval, with concise written and verbal communication skills.

Experience in a developing country would be an advantage in both positions. Benefits include free accommodation, education subsidies, relocation axpenses and laave fares. A 3 year contract is anvisaged.

Complete confidentiality is assured. Initial telephone anquiries may be made to Mike Asgill on 010-61-7-226 2078. Written applications, quoting the relevant file no., should be forwarded to Price Waterhouse Urwick, GPO Box 710, Brisbane, Queensland, 4001, Australia.

*Price Waterhouse Urwick*
MANAGEMENT CONSULTANTS

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## Financial Planning & Analysis

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Our client has an immediate requirement for a professionally qualified financial manager who can demonstrate exceptional flair and *motivation to be based in this dynamic* regional Head Office. Reponsibilities will include Strategic and Financial forecasting, liaison with Operations and Marketing staff and planning and coordinating Marketing activities throughout the region.

This position should be regarded as one of the most senior within the organisation and our client's multinational structure will ensure the *maximum possibility of rapid progression on* an international scale.

**The remuneration package includes a high $ salary plus full accommodation expenses, children's education, relocation costs, all travel costs and a company car.**

**We are conducting initial interviews in London, Paris and Brussels.** Interested applicants should contact Robert Walters or Keith Allen on 01-930 7850 or write enclosing a full c.v. to the address below. If overseas please send all correspondence "Express".

**Robert Walters Associates**
Recruitment Consultants
66-68 Haymarket, London SW1Y 4RF
Telephone: 01-930 7850

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Tel: 01-351 7151

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## PARIS BANKING

The head office of an international banking Group based in Paris wishes to recruit an English or U.S. qualified lawyer.

The bank is involved in all commercial and merchant banking transactions including syndications, project finance and trade finance generally. The executive staff is multi-national and multi-discipline and includes members of a London Stockbroking firm.

The Legal Department, which is presently staffed by an American legal Counsel, an English solicitor and French lawyers, now wishes to appoint a self-reliant and energetic lawyer to be based in Paris. Candidates should have a minimum of 2 years post-qualification experience in international financial transactions. A working knowledge of French would be useful.

The total remuneration package will be negotiable at a level reflecting the importance of this appointment.

Applications in confidence quoting Ref: TW/RM C212 to Reuter Simkin, 26-28 Bedford Row, London WC1R 4HE. Telephone: 01-405 6852.

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International
Geneva based Group of Companies
is seeking a

## SENIOR INTERNATIONAL COUNSEL

The Legal Department provides a wide range of legal advice and support to Management and to affiliated companies. This position includes responsibility for large international litigation and arbitration matters, reporting directly to the Chairman. Candidates should have at least 10 years' of experience in commercial litigation, preferably in the petroleum and shipping sectors.

Fluency in English is a must, French and German are desired. If you are interested in this unique and challenging opportunity, please send your resumé in confidence to the

Personnel Department
Cipher F 18-118517
Publicitas
CH 1211 Geneva 3

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## TOKYO

### Exciting opportunities exist in this major equities securities market

As deregulation in Japan accelerates and Tokyo moves towards providing a vital link in the global 24 hour capital *market place,* unique opportunities have been created for young merchant bankers and stockbrokers to join rapidly expanding firms, some of which are 'greenfield' situations.

The more urgent requests we are handling include:–

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*If you possess a specialist capital market or stockbroking* skill and would be interested in discussing the possibility of relocating or returning to Tokyo, please telephone for an *initial discussion* or send a Curriculum Vitae for the attention of Robert Usher, Consultant, Jonathan Wren International Ltd., 170 Bishopsgate, LONDON, EC2M 4LX, tel: 01-623 1266, telex: 8954673 WRENCO.

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Jonathan Wren International Ltd
Banking Consultants

# Accountancy Appointments

## FINANCIAL/TAXATION ACCOUNTANTS

**A leading International Group invites applications for the following Senior Accounting/Taxation positions at their City of London Head Office.**

**ASSISTANT TO THE GROUP ACCOUNTING CONTROLLER (A1)**

Qualified CA or ACCA with at least six years' post-qualification experience, preferably in both the profession and commerce and with experience of consolidations of international groups.

This position is likely to suit an ambitious qualified accountant, who wishes to be involved in both financial and management reporting and financial trouble-shooting/investigations within an international group.

Salary will reflect the experience of the applicant and the importance of the position. Age over 28.

**ASSISTANT TAXATION MANAGER (T1)**

A Member of the Institute of Taxation or qualified Accountant to be the number two to the Group Taxation Manager. Experience of both UK and international taxation essential, either in the accountancy profession or commerce, preferably with involvement in an international group. Full familiarity with both UK corporate and indirect taxes and the effect of overseas taxes on UK liabilities essential.

This position is likely to be of interest to a taxation practitioner who wishes to broaden his/her experience to include advisory work in an international environment.

Salary will reflect the senior position and the role and experience of the individual. Age over 30.

**MANAGEMENT ACCOUNTANT (A2)**

Qualified accountant with good professional/commercial experience. Knowledge of accounting in an international group, and experience of consolidations, would be an advantage.

This position is likely to suit an accountant who is looking for experience in an international environment and who wishes to obtain experience in both management and financial reporting.

Salary will reflect the background and qualifications of the applicant. Age mid-20s plus.

**SENIOR TAXATION ASSISTANT (T2)**

A qualified taxation practitioner to work with the Assistant Taxation Manager, providing advice predominantly on UK tax matters. The Group has substantial UK subsidiaries and is computerising its compliance work and group relief/ACT control, which is centralised at Head Office.

This position is likely to suit a person who wishes to be involved in all aspects of UK company taxation both direct and indirect.

Salary will reflect the background and qualifications of the applicant. Age 25 or over.

To apply please write, enclosing your c.v. and salary information, quoting job reference above, to:
Box No. 395, Streets Financial Limited,
18 Red Lion Court, Fleet Street, London EC4A 3HT.

# International Appointments

## EUROPEAN COMPUTER AUDIT MANAGER

Brussels £25,000 p.a. (+ generous relocation)

Ernst & Whinney is one of the foremost accounting practices in Continental Europe with more than 1000 professionals throughout the region. Significant to its business is the servicing of a major client audit base.

The gathering pace of development in the use of computer assisted auditing techniques and related practices now enables us to offer an outstanding career opportunity to an ambitious qualified accountant, aged around 28–35 with a minimum of 3 years' computer audit experience gained preferably in a large firm environment.

Key responsibilities will be:

i) Co-ordination throughout the region of all computer audit activities.
ii) the provision of technical support and training for all computer auditors in the field.
iii) the evaluation and implementation of new micro-based computer audit products.
iv) the development of micro-computer audit software and computer audit methodologies.

Travel mostly within Europe will be approximately 30%. Experience of a broad range of IBM equipment would be valuable as would be a proficiency in French or some other European language. Prospects in the medium term for the really able and committed candidate will be excellent.

Please write with full c.v. to Barry Compton.

**Ernst & Whinney**
Accountants, Advisers, Consultants.
Becket House, 1 Lambeth Palace Road, London SE1 7EU. Tel: 01-928 2000.

## FINANCIAL CONTROLLER

**Middle East**
**US$ 65,000 (tax free)**

Our client, a leading commercial bank in the Gulf, seeks to appoint a Financial Controller to be based at Head Office.

The incumbent will be responsible for establishing and directing the performance of the bank's financial, tax and management accounting, for profit planning and budgeting, internal accounting and financial controls and for regulatory compliance functions as required.

The successful candidate will be qualified to ACA or equivalent standard and possess a minimum six years' relevant bank accounting experience, some of which will preferably have been gained within an automated environment. Strategic planning skills would be an added advantage and a working knowledge of Arabic is desirable.

In addition to the tax free salary, an excellent benefits package is offered, which will include free furnished accommodation, transportation and school fees.

Interested applicants should send a full Curriculum Vitae to:
**Walter Brown at Jonathan Wren International Ltd, 170 Bishopsgate, London, EC2M 4LX. Tel: 01-623 1266, Telex: 8954673 WRENCO.**

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Join us if you meet these criteria:

* a qualified management accountant with several years' corporate finance or consultancy experience gained in high-tech or related organisations.
* an in-depth understanding of the corporate-level financial management needs of a major, high-growth, high-tech, aggressive organisation.
* the ability to define many of those new facilities and aid their acceptance.

If you can meet them, you are probably ready for a key role in our ambitious growth plans – a role with a salary of up to **£25,000,** plus bonus and extensive company benefits.

For further details, either telephone for an application form or send your CV to: Peter Downes, ICL (UK) Ltd., Computer House, Euston Road, London NW1. Tel: 01-387 7030.

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## Finance Director and Projects Director

**up to £30,000 p.a.**

The Greater London Enterprise Board Limited is a public sector investment agency which aims to invest in the long term commercial, technological and social development of companies. The GLEB is under new ownership and new management and wishes to appoint two key Directors to head the Finance Division and the Projects Division.

For both posts we are seeking the impossible. As **Finance Director** you will be responsible for financial control and monitoring, estimating and budgeting, borrowing, fund management, advice on project finance and management, salaries management and accountant to the GLEB group of companies. You should be a qualified accountant and have significant experience at a senior level in the private or public sector.

As **Projects Director** you will be responsible for the management of a project portfolio of over 100 investments. You will be able to develop and apply corporate and financial appraisal and monitoring techniques to complex ventures. You should be skilled in assembling financial support packages for investments with financial institutions following the processing of applications for funding. You will be capable of overseeing project management over a wide range of GLEB supported companies through individual management or skilled teams. Ability to deal with local councils, trade unions and disadvantaged groups across industrial sectors, co-operative and black enterprises is essential.

Both posts are part of the management team and report to the Chief Executives.

**For further details or an application form contact Brian McKinlay, Personnel Manager, Greater London Enterprise Board Ltd., 63-67 Newington Causeway, London SE1 6BD. Tel: 01-403 0300.** Closing date Friday 11th July 1986.

*The Greater London Enterprise Board is an equal opportunity employer, and applications are welcome from candidates regardless of race, nationality, age, marital status and from registered disabled persons.*

Greater London Enterprise Board

## Finance Director

**East Midlands**

Our client is a young and developing manufacturer of building supplies for the construction industry. Their current and futura plans have created an opportunity for an energatic finance director with first class technical and management skills.

Reporting to the Managing Director, and a key member of the management team, the finance director will be responsible for the company's financial affairs. This will include monitoring performance and advising on the financial implications of business decisions.

Ideal candidates will be qualified accountants, aged late 30's. As important as technical and management skills will be a personality with the energy, enthusiasm and tough mindedness to cope with tha demands of a vigorous environment.

Location: Leicestershire.

Remuneration: c£24,000, plus an executive car and benefits.

Please write in confidenca to: Jacqui Lewis (ref 8363).

**KMG Thomson McLintock**
Management Consultants
70 Finsbury Pavement London EC2A 1SX

## Finance Director

S.W. England c.£18,000 + car

Our client is a successful medium sized bus and coach company soon to be privatised by way of a management buy-out. An outstanding opportunity now exists to participate fully in the ownership and control of a business which will be operating within a challenging environment following imminent deregulation of the bus industry.

Reporting to the Managing Director, the brief will encompass:

— the formulation of short and long-term plans;
— the development of management information systems and controls, and a cash management/treasury function; and
— capital investment appraisal and project analysis.

Candidates will be qualified accountants (ACA, ACCA or ACMA) of at least 5 years standing.

Relocation assistance is available where appropriate.

*Applicants should respond to John Stanlake, Executive Selection Division, Peat, Marwick, Mitchell & Co., 165 Queen Victoria Street, Blackfriars, London EC4V 3PD.*

**PEAT MARWICK**

## DIVISIONAL CONTROLLER

**SALARY up to £20K plus BONUS CENTRAL LONDON**

A major Publishing Group requires a Qualified Accountant aged between 25 and 35 for the position of Financial Controller in one of its Divisions. The Controller is responsible for the provision of timely financial information and support to the Divisional M.D. and other Senior Executives to ensure the achievement of Budgets and the control of the Division's Assets. Candidates must have had some commercial experience, as they will be expected to contribute towards the formulation of strategies and policies which will improve the Group's profitability and growth. **Please quote REF DA/56.**

## PROJECT ACCOUNTANT

**SALARY circa £17.5K WEST OF LONDON**

A Multinational with a £3bn turnover based in Weybridge, Surrey, has a vacancy for a Qualified Accountant who will probably be a graduate in his/her late 20's, to join a small Project Team which has the task of building a Financial Data Base and new Consolidation System. At the conclusion of the Project there will be an opportunity for promotion for members of the Team within the Group Finance Department or one of the Subsidiary Companies. Candidates should have experience of Reporting Systems in a large organisation and be familiar with the use of Micro Computers and Computer-based solutions to problems. **Please quote REF PA/59.**

**Please reply in confidence quoting appropriate reference to:**
**Norman Rayner Associates Limited,**
2 The Nelson Rooms, 68 High Street, Weybridge, Surrey KT13 8BL. Tel: Weybridge (0932) 59482.

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## MANAGEMENT ACCOUNTANT

This is an excellent opportunity for an ambitious Accountant to join the financial team of Martin Retail Group, an important subsidiary of Guinness, with an annual turnover exceeding £400m through some 1,200 retail newsagents and pharmacies in the U.K.

The position is within our Brentwood based Southern Division Finance Department which is responsible for around 700 of the units. The environment in the department is demanding and exciting, with extensive use made of modern computing and accounting techniques on both mainframe and micros.

Reporting to the Chief Accountant, the successful applicant will be part of a team preparing and reporting on financial and management accounts to strict deadlines. Specific responsibilities will include profitability analysis, statistical reports, budgetary control and a management accounting service to operating departments.

Candidates are expected to have several years sound accounting experience, a recognised accountancy qualification, and able to demonstrate initiative and reliability under pressure.

An attractive salary is offered enhanced by a full range of benefits including a company car, and if appropriate assistance with relocation.

**Please write with full c.v. or telephone for an application form to Mrs. S. Ripley, Martin the Newsagent, Martin House, Ashwells Road, Brentwood, Essex. Telephone: Brentwood (0277) 72916 extension 249.**

**Martin Retail Group**

## Appointments Advertising

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For further information call:
Louis Hunter 01-248 4864
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# Accountancy Appointments

# THE ARTS

## Duruflé Requiem/Elizabeth Hall

**Max Loppert**

The Requiem of Maurice Duruflé — quite frequently recorded, less often encountered in the concert hall—was the main work in last night's English Chamber Orchestra concert. It is a beautiful, touching, and rewarding piece, even when given (as here) in one of its later orchestral versions — the original, for organ and voices, is the most compactly satisfying.

Duruflé modelled the work as both tribute and successor to Fauré's masterpiece, largely (though not totally) accepting its quietness of voice and viewpoint, following its layout of movements and disposition of soloists. The remark that the later Requiem lacks the extreme exactitude and purity of vision of the earlier, and that Duruflé's language is less organically vital than Fauré's, will no doubt tempt a Brahms-like riposte of "Any fool can see that!" The fact that Duruflé was a leading organist explains not only the particular range of vocal and instrumental combinations used, but perhaps also the harmonic wanderings: there are hints of whole-tone scale expansiveness and climactic grandiosity of a kind that Fauré could never have countenanced.

But the tenderness and seriousness of the music make it an honourable late exponent of a noble tradition. It needs purity of vocal utterance, cleanness and directness of instrumental attack; and much of this it received under Andrew Litton's sympathetic direction. The Tallis Chamber Choir (notably good in its alto line) held the serene lines firm, kept the tone fresh and forward even in the most exposed sequences; the blend of voices with the ECO and John Scott's organ solo was not always precise, but the hall's famously unhelpful acoustics may well have provided the cause. The young soloists, Judith Howarth and Anthony Michaels-Moore, matched the style of the whole performance most attractively.

For their first half Litton and the ECO had planned some French "light music"—the sort that must have fine-fingered playing if it is not to seem merely ephemeral. Büsser's overblown orchestration of the Debussy *Little Suite* was here so delicately and sprightly touched off that one minded its un-Debussyan sounds less than usual. Jean Françaix's *Flower Clock* for oboe and orchestra, a diverting suite of bright colours and inventions, had in Neil Black a splendid soloist—witty, drily romantic, and (after a slightly nervous start) technically admirable.

## Wells dig finds treasure

The last cloud over the immediate future of Sadler's Wells was dispersed yesterday with the announcement that DEC (Digital Equipment Company) was behind a £500,000 corporate sponsorship programme for dance in the UK.

DEC is a first-time sponsor of the arts and so will only have to contribute £375,000; the other £125,000 comes from the Government-funded Business Sponsorship Incentive Scheme, designed to encourage now company spending on the arts.

Sadler's Wells receives £200,000 of the total over two years which should clear its deficit and ensure some financial stability. In addition DEC will be giving Sadler's Wells advice and assistance with the modernisation of its box office and administrative computer systems.

But the new sponsorship spreads much more widely than the one London theatre. London Festival Ballet is to get £100,000 towards Peter Schaufuss's new production of "The Nutcracker," which has its world première on December 10 at Plymouth.

Other dance companies to benefit include the Ballet Rambert, which receives £30,000 towards its 1987 Summer Touring and "Big Top" season in Battersea Park; London Contemporary Dance, which will get £30,000 for its winter London season and next year's spring tour, and the Royal Academy of Dance, which has an extra £20,000 for dance scholarships.

In addition the DEC Dance Awards have been formed, with funding of £100,000 for two years, to encourage new choreography.

Under the umbrella heading "Partners in Dance" DEC is making the largest single sponsorship of one art form by a first-time sponsor. It is intelligently making the investment the centrepiece to its advertising and promotional activity, incorporating it into its marketing strategy rather than scattering the money fitfully over a number of arts activities.

A.T.

## Design/Roy Strong

# Brits a-quiver in Aspen

The oxygen is a little thin in Aspen, Colorado. Eight thousand feet above sea level in the mountains, the Brits bearing the flag of Design were housed in a hotel designed by a Bauhaus disciple which became affectionately known as the "bunkers." *Lifa* for us contributors — a starstudded cast ranging from Hugh Casson to Kenneth Grange—was largely made up of never-ending journeys to and fro along a meandering path which led to the sessions in a huge tent, a lecture theatre and several *seminar rooms*.

The chaos on the British side — and there was plenty — was more than matched by its American counterpart, culminating in the complete collapse of the projection of David Puttnam's film and the audience being shunted off in buses to view it elsewhere in two halves.

Aspen sponsors the annual design conference in the US. Usually it focuses on a single theme and not a country, but it has understandably already devoted years to both the Japanese and Italians. Britain was alighted upon as number three on the grounds that we were in the midst of a renaissance in design, although I personally have doubts about the truth of this.

Britain may have led the world initially in industrial production but certainly not in design. The latter it sought to do by the injection of art which was the mainspring of the Victorian reform of mass manufacture. The effect of that was, in fact, the reverse of what had been intended, the Arts and Crafts Movement, ironically our last international contribution to the direction taken by Design.

Even then it was to be continental movements and not British ones that were to take up these principles and marry them into the products of a modern industrial age. We have always sat unhappily on the receiving end of tidal waves of the modernist movement. Peter York, in a wickedly witty paper, rightly pointed out that as far as the world is concerned Britain has only two Design exports, the Royal Family and and the Heritage, be it the country house look or the Burberry.

*Pace* the Design maniacs it is better to have that than nothing at all. The British have always been obsessed by the past and reliving it. The first Elizabethans re-lived the middle ages in their art and architecture, so why should not the second Elizabethans relive the post-modernism, the glories of Edwardian England.

What forcefully emerged from the breast-beating was how the Tory Party had hijacked Design. Design (and Craft) in the past was always hitched to some form of Socialist Utopia, stemming from the ennoblement of everyday artefacts for use in ordinary homes by the Arts and Crafts Movement. Patrick Nuttgens' list of the 12 best designed 20th century objects produced by the British read, Peter York stated, like a sale catalogue for the contents of Michael Foot's home. That daydream world seems to have vanished down the plughole and Design is now seen as an arm of Government, necessary for the economic revival of our international competitiveness. No lovely pure teapots and rugs for the workers anymore.

A great deal of past history was went at the audience. It was difficult to work out who they were but in the main they were graphics people from the west coast, although I was struck by one who modestly billed himself as an "internationally famous artist." It was also clear that many had barely heard of William Morris, so that the references to Frank Pick and Gordon Russel went clonk on to the floor. That audience would certainly have learned a lot about us from the garland of stars that uttered, which will have simultaneously told them why we are as we are and why the country still has its virtues, ones which militate against our success in a hard-edged world. They heard of a pragmatic, empirical, tolerant people who love their insularity, who dislike and distrust foreigners, theories and abstract ideas, and whose mainstay in time of crisis is memory.

A great deal was made of our perennial eccentricity and certainly some prime exhibits were there to bolster this. Zandra Rhodes' purple and David Hockney's blond hair enslaved all hearts. I suppose Norman Parkinson can be cemented into this ambience, although I would question his good taste in following his triple portrait of the Queen, Queen Mother and Princess Margaret with one of a cockerel copulating with a duck.

The English approach to art and design has been and always will be eclectic. It was summed up 400 years ago in a woodcut which depicted the Englishman naked, holding a pair of shears and a bale of cloth, since he changed his fashions every day from French to Flemish, from Italian to Spanish. British design emerged inevitably as a patchy magpie affair.

I don't think that the world looks to Britain for design. The conference confirmed that. What it turns to us for is an unexpected glamour and excitement, the spectacle of the last *ancien régime* and, simultaneously, an amazing youth culture which can produce rock videos of a mind - boggling obscurity of allusion together with a still vigorous culture in terms of literature, painting and theatre.

The most potent statement of all was made by David Puttnam, who drew waves of applause from his audience for every other utterance when he pointed out the dangers of an apathetic society. Whether it was East and West or North and South or Left and Right, politicians had a vested interest in maintaining a conspiracy of silence. The duty of the arts media was to shatter that stillness and restore an integrity of vision. I am not sure what this had to do with British Design but it certainly needed to be said. One of the most depressing features of recent years in this country has been to see the erosion of consensus from the arts. Even Design is now firmly politicised.

Alastair Muir

Zandra Rhodes (left) and David Hockney (right), are celebrities, but no one had heard of William Morris

## La Flûte enchantée/Opéra Comique

**David Murray**

So Mozart's opera is titled in the new Opéra-Comique production; but in fact it is sung in the original German—very creditable German, too (except from the Three Boys, who are musical enough to be forgiven), and with the dialogue not too much abbreviated. There are even basset horns in the orchestra. Whether that will comfort the Opéra-Comique's faithful family audience is another matter: the audience for Sunday's matinee seemed delighted, but a lot of them were tourists.

Credit for the diction of the cast may belong to their *conseiller linguistique* Lou Bruder, but there is also a *conseiller stylistique et musical* who has fulfilled his role splendidly: Hans Hotter, who furthermore lends his benevolent authority (and ripely woofy tone) to the Speaker. We may assume that his stylistic brief did not extend to the stage production, for which Marcel Bluwal is to be blamed. The homely enchantments of the original action have mostly been expunged, though Hubert Monloup's eye-catching décor meets the standards of the most upmarket *vitrines*: black Louise Nevelson walls and niches for the Queen of Night's kingdom, and 14 glowing mother-of-pearl columns for Sarastro's.

It amounts to the systematic replacement of the *Flute's* magic by pure Parisian chic. The flute itself, the magic bells and Papageno's pan-pipes are of clear plastic with interior lights, manifestly non-operable (it is the first time I've heard Papageno's do-re-mi-fa-so played offstage). There is no serpent in the first scene; no animals are enticed by Tamino's fluting; Monostatos's slaves are dumbly bell-bewitched, for their rapt ditty comes from offstage singers. The addition of three *danseuses* in red catsuits to tease Papageno does not help; nor does putting the Boys among Sarastro's priesthood, nor exposing prematurely the "old woman" as pretty Papagena in a mask.

Enough of complaints, the musical side of things gave continuous pleasure. I heard Jacek Kasprzyk as conductor, replacing the indisposed Gennadi Rozhdestvensky (the majestic figure who announced the change managed the names with high courage, and was roundly applauded). His reading was alert, clean, brightly up-tempo (but never forced) in sensible places. His youthful orchestra—few pensionnaires visible—was excellent, the chorus competent.

As Pamina, the beautiful Danièle Borst spun a lovely soprano line. Vinson Cole's Tamino was naturally of the same hue as Michel Sénéchal's blackface Monostatos, so we had to suppose that Papageno's dismay at meeting the latter was caused by the fuzzy fright-wig —but Cole is such a true and appealingly ardent Mozartean that he must count among the best current Taminos. Sarastro was the awesomely tall László Polgár, whose dignified utterance was barely smudged by faint bottom notes.

Hakan Hagegard's Papageno, famous from the Bergman telefilm, proved just as intelligent, endearing and spontaneous on stage. Eva Godlevska's Queen of Night was over-cautious in her difficult first aria, but gave a fine spitfire account of the second. Three first-class Ladies, a fervent pair of Armed Men. *Vaut le détour*, for sure.

## Barbara Cook/Donmar Warehouse

**Antony Thorncroft**

What happens to blonde Broadway ingénues? If they are as talented as Barbara Cook they end up as giants of the cabaret circuit, blown over by standing ovations at the Donmar Warehouse. It is only the second London engagement for this New York star of the 1950s but the word is out and what began as a cult following could soon be a mass religion.

Barbara Cook has one major edge over other late-night chanteuses — a most remarkable, pure, soprano voice, still in excellent shape. While other performers tell the story of their battered lives through their singing, Barbara Cook acts as a conduit; the audience weaves its own fantasies around the words of the classic standards.

Not that she is an insignificant presence. She comes on like a one-ton Tessie O'Shea and, while never gushing, deftly assigns the songs to their celebrated composers — Rodgers and Hart featured prominently. If she is blessedly unmannered there is plenty of *Sturm und Drang* from her pianist and musical director Wally Harper, who attacks the instrument as if he was slamping on killer ants.

Her repertoire switches from the past greats to moderns like Janis Ian and Harry Nielsen, but it is among the classics that she is most effective. Even an over-familiar song like "Come rain, come shine" becomes the definitive statement of commitment; Noel Coward's "If love were all" is inexpressibly sad; and "The man I love" is a universal cry from the lovelorn.

Alastair Muir

Barbara Cook sets her own standards. The songs never have been sung quite like this before, showing off their glories with the singer as the modest midwife. Perhaps some of the upbeat numbers, like *Sweet Georgia Brown*, might have been improved by a drummer pushing along Harper and David Rose on bass, but anyone despairing of current cabaret and sick of affected performers who impose their inflated personality on their material should try to squeeze into the Warehouse. It will be a tight fit.

## La Forza del Destino/Barbican Hall

**Richard Fairman**

A demonic energy pervades this opera. The forces which drive its central characters out into the darkness, to the battlefield or to solitary exile in the mountains, are powerfully realised in Verdi's score, a wide-ranging musical tableau painted in striking, primary colours.

At first it seemed that this concert performance, given on Tuesday night by the Chelsea Opera Group, might be too cautious, too contained in its delivery. But the evening worked on a crescendo of intensity, as conductor Nicholas Cleobury encouraged his orchestra to one of its most vital, well-disciplined appearances of late. Those harharous repeated chords and walling clarinets in the last scene, so raw in their power, played on the very nerve-endings of the piece.

The performance was dominated vocally by the Leonora of Janice Cairns. I recall a master - class given by Tito Gobbl a few years ago, in which she sang Verdi with promise of all the natural endowments of voice and power that his music requires. Here she displayed those qualities still growing in strength: the tone is admirably free and even, a little lacking in Verdian bite on the low notes, but sailing out with a radiant pianissimo at the top.

What she misses are the special colours and accents that might make this role individual. The first call to the Virgin in "Madre pietosa Vergine" was given the right tone of bumility and anxiety, but singing of straightforward confidence soon took over. Her prayer with the monks also lacked a feeling of hushed reverence. She was et her best in the last aria, "Pace, pace," where singing of strength and certainty of style made e great impact.

The other soloists were less convincingly Italianate in voice or manner. Tha young baritone of Jacek Strauch, strong and gritty in tone, often pressing for volume, made a rousing catalyst to the drama as Don Carlo. But the tonic quality of the tenor Edmund Barham is too covered in the English way to make an equally Verdian Don Alvaro and Geoffrey Moses was a bland, if warmly-sung Padre Guardiano.

The characterful roles of Preziosilla, the gypsy girl, and the monk Melitone were wisely given to Sally Burgess and Derek Hammond-Stroud, whose ENO careers have proved them to be strong stage performers. Of this move Verdi would certainly have approved, for it was these two roles that he regarded as most crucial to the success of what was till then his most ambitious, grand opera.

## New David Hare plays for Cottesloe

Two new plays by David Hare, *The Bay at Nice* and *Wrecked Eggs*, will open at the Cottesloe Theatre on September 9. The plays will be performed as a double bill, and the author will direct.

## Outside Broadcast/Birmingham Rep

**Michael Coveney**

Backstage comedy is all the rage these days and, hopping on the bandwagon behind Michael Frayn and Alan Ayckbourn, comes the actor and light dramatist Peter Woodward, with an amiably chaotic farce set in a derelict Alhambra overrun in 1953 by a live outside broadcast team from Lime Grove.

Coronation Year does not impinge on the proceedings so much as the spirit of Rattigan's *Harlequinade*. The comic pressure comes not just from bumbling theatrics, hut also from the concept nf a live Shakespearian hroadcast, a new commodity which necessitates the BBC's involvement in the dying theatre and its flagship trouper, Willoughby Brandon.

The 20-minute broadcast is supervised in the fictitions town of Worthington by an epicene university graduate labelled Hilary Madox-Brown.

David Tomlinson, absent from the stage in recent years, strides through tha Rep'a cavernous auditorium as Willoughby, attired in evening-dress, as, he thinks, befits a BBC employee. He is as out of touch with the manners of the new medium as he is with those of the theatre.

Mr Tomlinson seemed to relish these speeches, in so far as he seemed to relish anything. His anaemic patrician stage style is incongruous with Willoughby's barnstorming reputation. But Mr Tomlinson certainly comes into his own when, unflappably, he improvises pentameters to cover the disasters, treating tbe audlence to a juggling and sword-balencing display before being forcibly demoted through the Alhambra's trap door singing the Red Shadow's refrain from *The Desert Song* the while.

The play is a structural shambles, foiling to end on the climactic farcical event. But Roger Smith's direction keeps total disaster et bay, and Saul Radomsky bas ingeniously filled the stage with visihla lamps and a false proscenium. It is at least heartening to see an animated stage full of actors doing a new play in a major regional house. Such experiences become rarer.

The broadcast itself is a superb rumpus of torn clothes, abject indiscretions, exploding lights, female underwear and fraying tempers. These seismic shifts are most hilariously registered in Robert Longden's fraught director, a gangling bug-eyed idiot, whose nostalgic BBC voice and ingratiating manner most brilliantly presages decades of Peter Dimmock and Humphrey Burton. Best of all is his wig, described by someone as a dead hedgehog hut in fact possessed of e demonic and unpredictable life of lts own.

This hrilliantly measured and projected performance is alone worth the price of admission (top price in Birmingham is £6.90—West End managers please note) and is very well supported by Julie Goodman's fierce announcer, Jeffrey Chiswick's devoted technical supremo, and Gavin Muir'a decisively funny electriclan.

## Saleroom/Antony Thorncroft

# Bull market in moderns

The art market is in fine shape, judging by demand for Impressionist and modern pictures, the key sector, at Sotheby's and Christie's major summer sales this week. There was hrisk bidding at Sotheby's evening auction on Tuesday, for a total of £9,787,800 with 15.7 per cent unsold. This was largely accounted for by the failure of a rather mediocre Modigliani portrait of Minoutchka to find a buyer: it was bought in at £440,000.

The top price, as expected, was the £1,375,000 paid by a private European buyer bidding on the telephone, for "Violin et gravure accrochée" by Juan Gris. It was perhaps the first collage he ever created, in April 1913, and has been much written about and exhibited. It was an auction record price for the Spanish-born Cubist. One of Fantin-Latour's last still lifes, of a vase of nasturtiums, sold for £594,000, double its forecast, to a private American, while another American collector acquired a Monet "Vue de l'Yerres" for £363,000. There was even that rare sight —a successful British bidder, who secured Renoir's "Deux femmes dans l'herbe" for £352,000. A bronze of a horse by Degas, one of an edition of 22, more than doubled its forecast at £253,000 while "Reclining Figure No. 7" by Henry Moore wat at the top of its estimate, selling for £220,000.

Yesterday morning's session of lesser Impressionists and moderns added another £2,711,390, with 23.5 per cent unsold. There were two keen potential buyers for a painting by Henri Martin, of a pretty girl in a doorway, and it sold for £165,000, over three times its top estimate and a record for the artist. A bronze table with a glass top by Diego Giacometti mada £77,000. a record for an item of furniture by this artist.

Sotheby's series of sales in Monaco totalled £10,888,655, with silver contributing £568,495, of which £205,550 came from a silver gilt ewer and basin made by Henry Auguste in Paris in the fateful year 1789.

Christie's did well with books and manuscripts with a total of £1,086,436 and just 1 per cent unsold. Obviously the dealers and collectors in town for the Antiquarian Book Fair at the Park Lane Hotel still have cash to spend. A late 15th century Book of Hours, probably from Ghent, was below forecast at £38,880 while a copy of "Le Roman de la Rose," of the same period, from northern France, sold for £33,480.

Top price among the modern prints in the morning session was the £37,800 for a woodcut portrait of Ludwig Schames by Kirchner. A lithograph of a very rare print of boxers by Géricault sold rather below forecast or £19,440 while "La chasse à l'oiseau bleu" by Chogoll tripled its forecast at £15,120.

"Beat the whites with the red wedge," one of the most famous Soviet Revolutionary posters by El Lissitzky, sold for £34,560. It was used for agitprop purposes, and has been much reproduced, but very few examples of the original poster survive and this may be one of only two or three in existence outside the Soviet Union.

## 'Annie Get Your Gun' to transfer to West End

After its season at Chichester Festival Theatre, David Gilmore's production of Irving Berlin's musical *Annie Get Your Gun* will open at the Aldwych Theatre on July 21.

Rock singer Suzi Quatro stars as Annie Oakley, with Eric Flynn as her romantic rival Frank Butler.

# Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

June 20-26

## Exhibitions

### PARIS

**From Rembrandt to Vermeer:** 60 chefs d'œuvres on loan from the Mauritshuis trace a panorama of 17th-century Dutch painting with Vermeer's View of Delft with genre paintings, still lives and landscapes. Grand Palais. Ends June 30. (4261 5410).

**French Masters of the 19th and 20th century:** The catalogue of the yearly Robert Schmit exhibition reads like a Who's Who in painting. There are five Boudins, the gallery's speciality. Caillebotte, Cézanne, Van Dongen, Fantin-Latour, Odilon Redon and even Soutine grace the walls with bouquets of flowers while Chagall has a flowering tree in his red-toned sunset. Degas has a study of two dancers and e fiery coloured oil of a nude combing her hair. There is a large composition by Derain from the late 1930s, the Painter And His Family grouping in a surprisingly realistic rendering – his wife with a book, his niece, his sister-in-law, family cat and himself in the centre before an easel with e brush in his hand.

The strong point of the exhibition is a Picasso painted in 1900, a scene of typical Spanish figures in expressive attitudes and striking colours in front of a wine shop. As a counterpoint there is a stylised Woman in a Rocking Chair dated 1956 with the same strong orange, black and blue summing up Picasso's artistic development. Galerie Schmit, 396 Rue Saint Honoré (4260 3636), closed Sun and lunchtime. Ends July 19.

**Hispano-American Silversmith's work:** The 150 exhibits on loan from the Buenos Aires municipal museum cover three centuries and are the result of the combination of the legendary riches of the Peruvian mines with the exuberance of colonial craftsmanship. Silver – beaten, chiselled, filigreed – accompanies everyday life. For the gaucho there are silver stirrups and cruel looking spurs. There are delightful perfume-burners in shapes of animals and *maté* cups for traditional herbal infusions decorated with endlessly inventive flower motives. As for liturgical objects, religious fervour tends to make the ornate baroque style rather overpowering. Louvre des Antiquaires, 2 Place Palais-Royal (4297 2700). Ends Sept 6.

### WEST GERMANY

**Bayreuth, Iwalewa-Haus, Münzgasse 9:** Art and Culture from the Congo and Zaire. About 380 paintings, cult and practical objects from the Colonial period to today. Ends June 29.

**Düsseldorf, Kunstmuseum, Ehrenhof 5:** Otto Pankok (1893-1966). The Passion; 60 huge charcoal drawings by the German expressionist covering 1933-34. Ends Oct.

**Esslingen, Galerie der Stadt, Villa Merkel, Pulverwiesen 24:** Art from East Germany in the 80s. Paintings, graphics and plastics. With 185 works by 37 different artists, the exhibition offers an impression of East German modern art. It is the first major exhibition by East German artists in West Germany. Among the painters exhibited are Gerhard Altenbourg, Hermann Glöckner, Angela Hampel, Hubert Giebe, Willi Sitte and Bernhard Heisig. Ends June 29.

**Hamburg, Kunsthalle, Glockengießerwall 1:** Renaissance of the North. 110 German and Dutch paintings on loan from the Paris Ecole des Beaux-Arts. Among the artists are von Bouts, Dürer and Goltzius. Ends June 29.

### LONDON

**The Royal Academy:** The 218th Summer Exhibition – the art exhibition for too long held to be of more social than aesthetic importance has, over the last 20 years, returned to its rightful place at the centre of the British art world, neither avowedly avant garde nor at all academic, in any perjorative sense, but simply seriously professional. Newer members include David Hockney, R. B. Kitaj, Eduardo Paolozzi and John Hoyland, all exhibiting this year. With the open submission, the exhibition adds up to nearly 1,800 works of all kinds.

### BRUSSELS

**Magie de Verre:** Belgian stained-glass windows through the ages. CGER. Ends July 13.

**Cartoons** on the theme of the theatre, circus, opera and cabaret. Maison de la Bellone. Ends June 28.

**Musée Royale d'Art et Histoire:** Taiwan-based painter Wong Liu-Sang. 40 paintings, of which 10 are by his pupil Chen Sian-Nan form this painter's first European exhibition. The artist will demonstrate traditional Chinese painting on June 18. Ends June 29.

### ITALY

**Venice: Palazzo Grassi:** Futurism and Futurisms: Fiat opens its art centre on the Grand Canal with the largest exhibition to be devoted to the Futurist Movement, a movement born in Italy, and the first to exalt technology, and to try to convey speed on canvas. More than 300 works have been lent. The paintings are mainly from 1909-18, but there are also sections devoted to literature, theatre, music, architecture, fashion and furniture, showing futurism's influence up to 1930. Ends Oct 12.

**Florence: Palazzo Pitti (Sala Bianca):** Mary Magdalene: Saint and Sinner: An inspired exhibition based on the contrasting aspects of the character of Mary (who symbolises both sin and redemption) as seen by artists as diverse as Titian (the glorious Mary Magdalene of Noli Mi Tangere) to Guttuso and de Chirico, via the gloomy and often despairing figure of many of the 19th century paintings. Ends Sept 7.

**Rome: Villa Farnesina (National Print Gallery) Via Della Lungara 230:** Baroque Decorative Drawings: The National Print Gallery is rightly proud of its collection of over 150 drawings. The exhibition includes designs of extraordinary exuberance and delicacy: decorations for the posterious and door-panels of coaches, table centres, picture frames, and the draped scallop-shell coach-bed pulled by mermaids and sea-horses, designed by Bartoli, for the birth of the first child of Princess Maria Colonna in 1663.

### NETHERLANDS

**Utrecht, Catharijneconvent.** The legends and facts surrounding the life and voyages of St Brendan, the 6th-century Irish Odysseus', are examined with the aid of fancifully illuminated manuscripts and early printed books. Ends August 10.

### SPAIN

**Madrid, Claude Monet (1840-1926):** The greatest living French artist, as he was called, was an innovator who revolutionised the course of modern painting by playing a leading part in the creation of a new artistic movement: impressionism. 125 paintings on loan from private collectors and museums from all over the world will offer a good overview of his different artistic periods with e prominent representation of his most famous period at his home at Giverny. Meac – Museo Espanol de Arte Contemporaneo, Avenida Juan de Herrera 2. (449 71 50). April 29 – and June.

**Barcelona.** Max Ernst retrospective includes 125 works of the dadaist and surrealist painter. Fundacion Joan Miro, Parc Montjuic. Ends June 29.

### NEW YORK

**Japan House:** Burghley House, with the earliest known record of Japanese porcelain in Europe, provides a touring exhibit that will visit the High Museum in Atlanta and then Japan through 1988 with 205 Japanese and Chinese objects dating from the 16th to the 18th centuries. Ends July 27.

**Museum of the City of New York:** Arbit Blatas's paintings, drawings and sculptures of Three Penny Opera covering 12 scenes and 11 characters, were inspired by the historic Theatre de Lys production in 1954 starring Lotte Lenya. Ends Oct 15.

### WASHINGTON

**Hirshhorn Museum:** 75 works of the California sculptor Robert Arneson presents the glazed ceramics he pioneered in what became the Funk movement in the 1960s with its irreverent view of other artists, contemporary artefacts and art itself. Ends July 6.

**National Museum of American Art:** 68 Pueblo Indian water colours from between the world wars recreate the ritual animal dances among other disappearing tribal customs. Ends August 17.

### CHICAGO

**Art Institute:** Famous as a fashion photographer, Richard Avedon undertook e five-year project to capture the American West in the tradition of nineteenth-century photographers such as William Henry Jackson. The results are "a fictional West", Avedon claims, with outsized portraits of Americans ranging from a rattlesnake roundup to county fairs. Ends August 3.

### TOKYO

**Civilisation along China's Yellow River:** 136 exhibits of large bronzes and ceramics from 2000 BC, subject of recent excavations, portray something of the wealth of civilisation along this important river (known as China's Sorrow from the havoc it wreaks through its frequently changing course). Particularly interesting are the miniature ceramic models of people and aspects of peasant life, providing the human element normally missing from exhibition of museum objects. Good English labelling.

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Thursday June 26 1986

# Reforming tax without a map

THE Chancellor of the Exchequer has evidently been stung by the general chorus of praise, in which this newspaper has joined, for the comprehensive tax reform which the US Congress seems likely to enact before long. They are praised for their intentions, he argued in a speech to the Midland Industrial Advisory Council on Tuesday, while he gets much less credit for some solid achievements. He or his predecessor have reformed corporate taxation and abolished four other taxes, while the Americans are still talking about a reform first mooted two years ago.

This is all very true, but it does not get us very far. The fact is that the US constitution makes fiscal change a stately process, where proposals come not only from the Administration, but from would-be reformers in either house of the legislature. The subsequent process of committee hearing, compromises within each chamber, and subsequent compromises in a conference of both chambers, is slow.

This very full public scrutiny is in fact a major advantage of the US approach; in Britain some reforms, such as the prospective changes in personal taxes, are proposed in green papers and debated at an American length, but others, such as the corporate tax reform, are produced like so many immutable rabbits out of the Budget day silk hat.

Changes produced in this way may be highly desirable but flawed, like the corporate tax reform, or half-baked and unacceptable, like the 5 per cent tax on UK companies using the ADR market in the US, proposed in March but already forgotten.

### *Sectoral lobbies*

A still more important advantage of the US reform, however, is that it is comprehensive. This means that it is an expression of a coherent philosophy, aiming to restore incentive through sharply lower marginal taxes collected from a restored tax base; British changes, by contrast, seem haphazard and sometimes inconsistent. This central plan not only focuses the debate, but greatly helps the reformers to resist sectoral lobbies, since it is quite clear in this context that Peter can be bought off only by robbing Paul. As a result a proposal from Mr James Baker which was originally dismissed as impossibly ambitious now seems likely to be enacted, softened but still very recognisable, simply because it was so ambitious.

The British reform programme, if anything of the kind can be said to exist, is a sad contrast. Despite repeated assaults on the problem, we still have a tax and welfare system which imposes its most punitive effective rates on those just above the poverty line. Some taxes on capital have been cut arbitrarily, despite the fact that they tapped real taxable capacity, but the main capital tax, the local rate, has broken down under the burdens imposed on it.

### *Strategic plan*

Even in the comprehensive reform of corporate taxation, a valuable baby has been thrown out with the bathwater; companies now have no protection against the taxation of purely nominal gains resulting from inflation, although the shareholders still enjoy such protection when they dispose of their shares. Such inconsistency would be unthinkable in a comprehensive reform. The US Congress, while it has thrown out indexation because it is too difficult to administer, has deliberately restored some protection for companies, through capital allowances and LIFO (last in—first out) accounting for inventories, though not for stock market investors.

It is a pity that Mr Lawson should belittle the American achievement, even if it is only to score a debating point. The fact is that his future path would be much easier, and his actions more consistent, if they were based on a strategic plan for the whole system; indeed, such a plan could be a valuable part of the third-term strategy which the Prime Minister is now seeking. Nobody can blame the Chancellor for lacking such a plan now, but he can be blamed for not wanting one.

# The regulation of British Telecom

BRITAIN'S Office of Telecommunications (Oftel), which published its first full-year report yesterday, has got off to an encouraging start. Though dealt a mixed hand—lacking, notably, the authority to license new entrants into the telecommunications market—it has played its cards skilfully.

Oftel has sought, wherever possible, to promote genuine competition in a market still dominated by British Telecom, while also trying to shield consumers from a violently disruptive transition from monopoly of the kind which the US has experienced in recent years.

However, conditions in the UK market may present rather different challenges over the next two years. With the approach of a general election which could bring major reversals in telecommunications policy, political considerations are almost certain to colour the behaviour of much of the industry. At the very least, the outlook appears unsettled.

### *Defensive option*

BT must weigh its options particularly carefully. While liberalisation has forced it to sharpen its performance, the prime beneficiaries have been larger business users. But the power of the ballot box lies with BT's almost 20m residential subscribers, who face higher bills for a service which is not perceptibly better.

The temptation among politicians to be seen to take a tough public line against BT must be strong. If the present Government were re-elected, such action might well take the form of stricter regulation or increased competition; Labour would more likely favour renationalising BT and more direct official intervention in its operations.

One defensive option open to BT is to play the "national champion" card by seeking to trade commitment to the renewal of the country's infrastructure — possibly through a revival of ambitious plans for a national cable television grid — for lighter regulation or continued commercial independence.

Such an offer might appeal to politicians of several parties. However, if it were made, it should be examined with a cold eye. The danger is that it could easily turn into a means of allowing BT to reassert its monopoly and deflect pressures to make itself more efficient.

Mercury, BT's smaller rival, must also strike a delicate balance. Many of the Government's hopes for its liberalisation policy ride on Mercury's commercial success. However, it must not succeed too well: if it seriously undermined BT's financial position, it would risk inviting accusations that it was a rapacious predator exploiting a privileged market position.

It may, therefore, serve the interests of both BT and Mercury to aim for stable co-existence in the run-up to the next election. Oftel needs to be specially vigilant that mutual convenience does not turn their "duopoly" over national telephone networks into a cartel.

Competition in telecommunications is not some quirk of British policy. It is becoming a global phenomenon. Efforts to resist it, or still worse, to restore the traditional monopoly structure, would leave Britain's telecommunications industry ill-equipped to survive on international markets.

Making the necessary adjustments is not easy. In particular, unwinding long-established cross subsidies which have kept residential tariffs uneconomically low while artificially inflating the price of long-distance services is politically difficult. BT must be encouraged to absorb as much of the burden as possible through cost-cutting: Oftel's current review of the regulatory formula governing BT's prices is a welcome step in this direction.

### *Better deal*

BT has plenty of fat to trim. Its recent staff cuts have been far more modest than those of the Bell telephone companies in the US. It looks overstaffed even by the standards of some European monopolies: its French counterpart serves more subscribers with only two-thirds as many people.

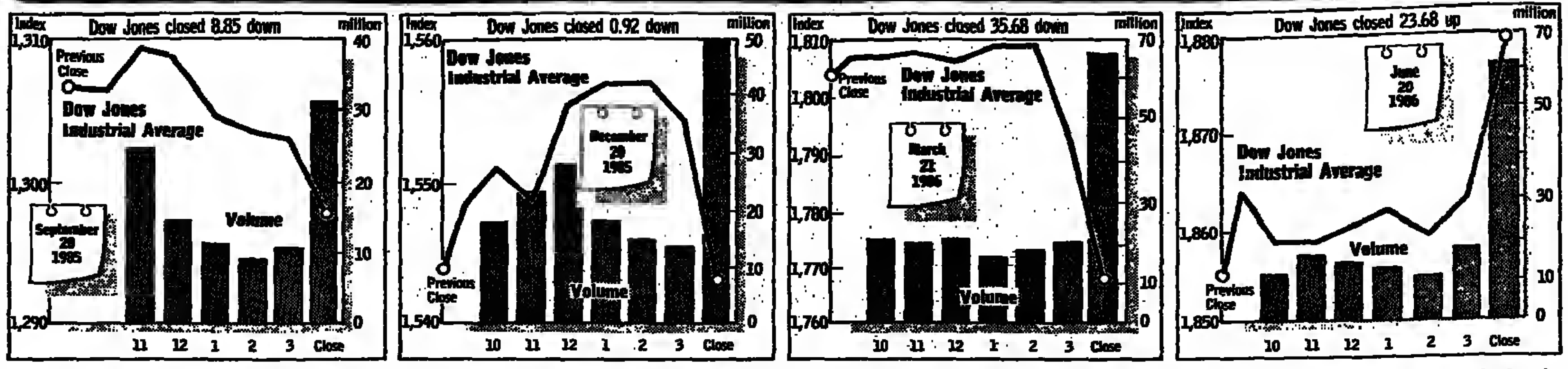
One reason is that the French organisation has contracted out of operations such as cable-laying. BT maintains its own army of workers, whether there is work for them or not. Following France's example could stimulate employment elsewhere in the economy and provide a better deal for both BT's customers and its shareholders.

PROGRAMME TRADING

# Wall Street under a spell

By Alexander Nicoll in New York

WHAT HAPPENS AT THE WITCHING HOUR




AT THE triple witching hour on Wall Street, such as occurred on Friday and will occur on the third Friday of the final month of each quarter, nobody ever knows quite what will happen.

There are no broomsticks and no unearthly beings invading the world's largest stock market—which is, after all, a rather unmystical place. But the peculiar convergence of market factors which happens when stock index futures, stock index options and options on the underlying stocks expire simultaneously in New York and Chicago, can send New York share prices violently up or down. The fear is that one day, the witches' cauldron will boil over, causing a damaging market collapse.

The phenomenon, and the complicated arbitrage strategies which cause it, have aroused concern that investors, particularly small ones, can be hurt by unpredictable volatility in the stock market. They might buy shares in a company, only to find a few minutes later that its price has fallen sharply not as a result of any news fundamentally affecting that company, but because of a technical market ploy by a big institution.

This is the most controversial aspect of a much wider revolution in trading practices among large investing institutions, such as pension funds and insurance companies, which account for some 90 per cent of the $5.5bn daily volume on the New York Stock Exchange.

The new game is called programme trading, and it involves the simultaneous purchase or sale of huge baskets of stocks at the push of a button on a computer. The machine itself works out when orders should be triggered.

Wall Street's wizards, with the considerable assistance of their computers, have devised complex, multi-billion dollar forms of programme trading involving interplays between the futures and options markets and the stock market itself. The pay-off often depends on the very last minutes of trading. But until the last moment, no one knows whether a nightmare deluge of sell orders will emerge, sending the market spiralling downwards.

Friday began as a quiet day, with many players sensibly opting to avoid the witching hour and begin the weekend early. "We have guessed incorrectly enough in the past that we try to stay out as much as possible," says Mr Rick Nelson, an investment manager at Bankers Trust, the New York bank.

As the closing bell rang intermarket arbitrage orders to be executed at the exchanges' closing price, came into effect. Within a couple of minutes, some 40m shares were traded—more than a quarter of the day's business—worth more than $1.5bn.

Shortly afterwards the closing level of the Dow Jones Industrial Average of 30 Blue-Chip Stocks was declared; up 23.68 points at 1,879.54. At 3.30, it had been less than two points up.

At the same time, there was frantic activity in Chicago and on the other trading floors around the US — in Philadelphia, Kansas City and New York —all of them exchanges where futures or options are traded on stock indices. The floor of the Chicago Mercantile Exchange, where the most active stock index future is traded, was a turmoil of wild screams and flailing arms.

Arbitrage by the most precise definition is a time-honoured way of locking in an easy profit. You buy something at one price in one market, and sell the same commodity in a different market at a higher price. The advent of stock index futures and options four years ago has meant that arbitrageurs can apply their techniques to the whole market.

Stock index contracts based on movements of key market indices enable investors either to bet on the overall direction of the market or to protect the value of their stock portfolios against adverse price trends. The execution may be intricate but the principle is simple—arbitrageurs themselves describe it as a "no-brainer." In its early days it afforded huge, virtually riskless returns.

At the strategy's simplest it works like this: the arbitrageur watches the performance of the stock market as measured, say, by the Standard and Poor's index of 500 blue chips stocks. At the same time, he watches the price of the futures contract, traded in Chicago, on the same index. A futures contract fixes a price at which the holder will take delivery, at a fixed time in the future, of a given commodity—though most futures positions are cancelled out by an opposite trade before delivery. Stock index futures are settled in cash.

Each S & P futures contract is worth about $120,000 and some 80,000 contracts, or nearly $10bn worth, change hands every day.

When the stock market turns bullish, the movements often seen first in the futures market, because it is easier and cheaper to buy futures contracts than to select individual stocks. This widens the premium at which futures trade over the stock market, thus creating the opportunity for arbitrage as follows: you sell futures contracts at the high premium, and simultaneously buy all the 500 stocks which are included in the S & P index.

Many professionals use a selection of stocks rather than the whole index, hoping to reduce their outlay. They hope a smaller number of stocks will enable them to track the full index closely. But Mr Sheldon Johnson of Morgan Stanley, one of the leading investment houses in the field, says: "If you don't own the entire basket you may end up not owning that perfect convergence."

The convergence is what happens at the triple witching hour. The settlement price for the expiring futures contract is the same as the index value at the close on that day. To be sure of locking in the arbitrage profit, the original transactions must be unwound at that closing level. So the arbitrageur must sell all the 500 stocks at the closing price: hence the rush of "market-on-close" orders.

"When we first started doing this three or four years ago," says Mr John Andrea, a futures trader at Donaldson, Lufkin, Jenrette, "we got tremendous returns — annualised returns of 40 or 50 per cent when borrowing costs were 12 per cent."

But as more people have caught on to the game, the markets have inevitably become more efficient and the opportunity for windfall profits has diminished.

Not every triple witching hour causes huge market disruption. Conversely, arbitrage programmes can contribute to big stock market swings on days other than the quarterly expiry dates. Earlier in June, there were big falls as futures market prices dropped below the stock market's level, enabling investors to close their arbitrage positions early or to roll them into the next quarter. This muted the effect of last Friday's expiry.

Nor do programme trades all work in the same direction. Last Friday, the effect of buy programmes pushing up the prices of stocks in narrowly definable blue chip indices was offset by sell programmes connected with arbitrage on the broader Value Line index of 1,700 stocks.

This supports the argument of many market professionals that, like any market distortion, it works itself out. If there is expected to be a preponderance of buy orders at the close, brokers and investment managers may seek the opportunity to make sales at advantageous prices.

The regulators, however, have been showing increasing concern. "Index arbitrage activity on expiration Friday has contributed to significant order imbalances in the securities which underly major indices," the Securities and Exchange Commission commented in a recent letter to exchanges. The letter proposed various possible means of producing a more orderly close; these include the prior disclosure of orders expected to be executed at the close, or a trading halt shortly before the close allowing imbalances to be corrected.

These are to be discussed at a meeting next month between the SEC and the exchanges.

Although many investing institutions have caught on to the profits to be made out of virtually riskless arbitrage, the field is still dominated by a handful of investment houses trading for their own account. Mr William Breck, senior vice-president in charge of equity arbitrage at Shearson Lehman Brothers, guesses that 50 to 60 per cent of arbitrage trades are made by brokerage houses, with the remainder done by pension funds and corporate treasurers.

Harvard Management, a major investing institution, says that it used to engage in a lot of index arbitrage but now does less because returns have diminished. Mr Nelson of Bankers Trust notes that brokers "can get in and out of positions that we would not think of putting on, because their transaction costs are lower."

The expanding business in futures and options, and the fact that sometimes they appear to lead the stock market and to make it more volatile, lead to charges that the tail is wagging the dog. But advocates argue that the stock market is not notably more volatile now than in the past.

They say that futures and options, as hedging instruments, enable investors to protect themselves better against volatility, rather than fuelling it. They also provide quicker and cheaper ways to adjust investment strategies.

Programme trading itself is part of an important switch in the philosophy of investment management towards so called passive management, and it involves investing across the market, or across individual sectors of it, rather than strict stock-picking.

Basket or index fund management is based on the fact that, according to one of its advocates, Mr Burton Malkiel, Dean of the Yale School of Organisation and Management, "Unmanaged index funds outperform two-thirds of funds managed by professional managers."

This type of investment is facilitated by—and is also, perhaps, an inevitable result of —technology, enabling huge orders to be routed through computers to the floor of the New York Stock Exchange, and to be executed within minutes. Since orders to buy or sell separate stocks are transmitted simultaneously, the technique attempts to avoid the knock-on effect on prices which might be caused by taking each order in turn.

If fund management concerns elect to operate in this way, they can avoid the costs of research on individual stocks, and instead make simple decisions about, say, investing in utility or technology stocks. The computer does the rest. Huge portfolios can be managed with virtually no staff.

Clearly, not every US portfolio is managed like this nowadays. But the fact that many are has changed the nature of the stock market. The whole market tends to move the same way at once because of basket trades. A share inevitably gets a big fillip when it is first included in one of the major indices.

Stock index arbitrage has tended to turn the stock market into something like a money market instrument. Corporate treasurers with cash surpluses can treat the arbitrage as simply another short-term haven for their money, and will do so if they can earn a return superior to that on Treasury bills.

While such strategies naturally add to the overall liquidity of the stock market, thus presumably making for fairer share prices for all, they also raise new questions about investing in the stock market. Professionals insist that analytical research is not outmoded, but it is clearly far less relevant than previously if the whole equity market is treated as a bulk money market instrument.

Though the stock market's expanding size means that it can often absorb huge selling or buying programmes without blinking, this is not always the case. When distortions arise, it is the small investor who is likely to suffer. The gap between the big and small investor is widened by sophisticated trading techniques, and the unwary individual is led more than ever to suspect that the stock market is little more than a casino.

As one Atlanta writer on personal investments pointed out plaintively at a conference last week: "Most people are not buying an index. They're buying Coca Cola."

# Men and Matters

## Vernes fizzes into the fray

Jean-Marc Vernes, the veteran French industrialist and banker, made an effervescent reappearance on the financial scene this week. Now aged 63, the chairman of Beghin-Say, the big sugar and paper producer, is not only preparing to play a role in the French Government's ambitious privatisation programme but is also joining the fray in the takeover battle for British Sugar.

Vernes, whose loss-making family bank, Banque Vernes, was taken over by the state in one of the most costly of the previous Socialist government's nationalisation moves in 1982, plans to join other financial interests—including the Victoire insurance group—to profit from privatisation opportunities now the Right is back in power.

He has his eye, in particular, on the Suez financial group and the Groupe des Assurances Nationales insurance company.

Beghin-Say, now under the control of the Ferruzzi agribusiness of Italy, has earned a reputation in recent years as one of the most uncommunicative of France's large companies.

As if to make up for it, Vernes this week treated financial analysts to a breakfast of scones, bacon and eggs, strawberries, croissants and coffee.

With the news of Beghin-Say's entry into the bid for British Sugar, they also carried away boxes of samples of the company's products — toilet paper, serviettes, paper hankies, sugar cubes and a toothbrush.

A tastefully clean image, indeed.


"If you must know—becoming a train driver is the only way I can be sure of getting a seat"

## Posgate waits

DINERS AND guests at the Great Eastern Hotel near London's Liverpool Street station have witnessed an unusual spectacle this week. Liveried "waiters" of the Lloyd's insurance market have been standing guard outside the Hamilton Room. Behind the closed doors nothing less than the future of Lloyd's former star underwriter Ian Posgate is being determined.

Posgate has challenged Lloyd's decision not to allow him to return to work in the market after a period of six months suspension. Lloyd's case relies on the argument that since Posgate has had several brushes with the authorities over the years he is not a fit and proper person to participate in an executive role in the market.

Posgate has not spared any expense over his appeal. In the Hamilton Room, underneath the chandeliers, Robert Alexander, QC, has been arguing persuasively for Posgate's return —while Andrew Porritt, QC, for Lloyd's has been arguing equally persuasively, if quietly, for Posgate's exclusion from the market.

Presiding has been Lord Wilberforce, head of Lloyd's appeals tribunal. The last time that Posgate appeared before him last year Wilberforce reduced Posgate's sentence imposed by Lloyd's from a total ban to six months. Will Posgate be allowed to return to work in the market? Lord Wilberforce intends to sleep on the verdict for several days.

## Fed defector

The rate of turnover at the top of the US Federal Reserve Board continues unabated. In the wake of the retirement or resignation of three Fed governors in nine months, the taciturn but immensely experienced Stephen Axilrod has announced his defection to a Japanese company, Nikko Securities.

Axilrod, 60, staff director for monetary and financial policy, is the Fed's top staff official and has sometimes been characterised as the most powerful figure at the Central Bank after Fed chairman, Paul Volcker.

As international economic issues have gained in weight some have argued that Axilrod's influence has diminished, not least because of the chairman's unparalleled expertise in this area.

But Axilrod's departure after 34 years at the Fed will remove from the central bank a man of immense skill in the conduct of monetary policy. Whether or not it will tend to nudge the central bank further in the direction of giving less weight to inflation in its policy is a question the financial markets are already debating.

## Warring women

Women are having quite a week in the corridors of power. First of all, the Government made a hasty announcement allowing 70,000 of them to have an extra £23 a week for looking after disabled relatives to pre-empt a European Court victory by Jackie Drake, the Manchester woman who claimed the present rules discriminated against married women.

Then Baroness Jeger led a Lords revolt to wreck part of the Social Security Bill which would have forced even the poorest to pay part of their own rates bill. Two Tory peeresses, Baronesses Faithful and Vickers, forced a Government retreat on a proposal which would have paid the new Family Credit through the father's pay packet rather than directly to women.

The Tory climbdown, in the face of mass opposition led by women, was announced appropriately by a woman, Lady Trumpington, a Lords Social Security minister. The only irony is that the Government was persuaded by a woman to stick out so long in the switch to fathers' pay packets—Anne Bowtell, who thought the women's objections were weedy.

But she has reason to feel pleased. She has been promoted since the Social Security Bill started to wind its way through Parliament—to a DHSS deputy secretary responsible for social security policy.

## Cops and robbers

Something always seems to be happening in Dallas. Now city officials are wondering if a 1 per cent cut in police pay and a 45 per cent drop in parking tickets issued has a link. The pay cut for all city employees was designed to save $1.2m a year, but the revenue loss on traffic tickets is already $500,000.

But Dallas police federation's man said: "We're doing the job we're supposed to be doing. I'm a little upset at the inference that we're not out there revenue-producing rather than stopping crime."

## Temporary filling

Advertisement in a Hampshire newspaper: "Owing to illness, dentist urgently requires capable, mature person as stop-gap receptionist."

**Observer**

LET US try a geographical thought experiment. A hitherto unknown, but very populous country is discovered in the Pacific, called Nipponia.

The inhabitants are ingenious and prosperous. But like the lotus eaters, they enjoy sitting in the sun and prefer leisure to entrepreneurial activity. Nipponia is rich but its growth rate is low.

US Treasury Secretary, James Baker, gets to hear of this country. An adviser speaks: "Think of what Nipponia could only do for the world economy. If it really started to grow more quickly, it would take in imports and stimulate the rest of the world. Think what it could do for American exporters, including the energy and agricultural sectors."

"Yes, I know that this is over-simplified. But even the most egghead theorist could not deny that if Nipponia — which is a large part of the world economy —were to grow more quickly, we would not have to depress the terms of our trade so much to sell our exports, and we wouldn't need that extra 15 per cent devaluation of the dollar that so scares Fed chairman Paul Volcker."

Is it, however, reasonable that the Nipponese should abandon their cherished habits and force themselves to grow faster for the sake of something called "international economic co-operation?" Would it not be more sensible to devise a form of economic co-operation which allowed the Nipponese to live as they liked, which after all represents no threat to others?

But fasten your safety belt. For the imaginary Baker adviser returns in our illustration to correct himself. "It's worse than I thought. It is true that the Nipponese are not growing very fast nowadays. In the first quarter of 1986, their real GNP actually fell. But they really work quite hard. They save a large proportion of their incomes, and invest these savings overseas, to a large extent in the US, financing our Budget deficit, directly or indirectly."

"The other side to this is a large Nipponese export surplus, displacing the products of our own producers."

"What should we do?" asks the Secretary.

"We tell the Nipponese to run a larger Budget deficit, ie reduce their savings. This will also reduce their export surplus and their overseas investment. The counterpart effects in other countries are difficult to work out in detail. But as the Nipponese surplus is the mirror image of our deficit, it must help the US balance of payments."

A few days later the aide returns, tail between legs. "The Nipponese rulers have rejected our advice. They are quite content as they are, and do not see why they should take the risk.

## ECONOMIC VIEWPOINT

# Realpolitik reasons for lower interest rates

By Samuel Brittan

"Of course, they are not happy about the first quarter. But erratic fluctuations are difficult to avoid, especially when we have made them force up their currency. They do not observe that we Americans are any better at fine tuning than they are.

"The Nipponese are not going to raise their Budget deficit or reduce savings in any other ways. They say their savings surplus is a contribution to growth and investment in capital hungry countries. It is kind of the US Treasury and well-wishers in Europe to make remarks about the Nipponese infrastructure. But if Nipponese citizens prefer to place their savings overseas, rather than invest at home then it is—with humble bows and respect—their business."

By now we have introduced so many elements of reality that we might as well call the Nipponese the Japanese. The fictitious name allowed me to use a little licence in arguing on their behalf, but it is time to drop the metaphor.

Christian Tyler described in the Financial Times on Monday the precarious state of the world trading regime, and how the success of GATT in reducing tariffs has been increasingly offset by the growth of non-tariff barriers, such as so-called voluntary export quotas.

How much further the retreat to protection will go, and the chances of the eighth GATT round which starts in Uruguay in September of turning the tide, depend crucially on:

- The sustainability and strength of world growth.
- The major imbalances between the developed countries, and how they are treated.

The main imbalances in the industrial world are the US current account deficit and the Japanese current surplus. A German surplus is also emerging as a lesser issue in its own right. But concentration on the US-Japanese imbalance highlights the main issues.

It was originally hoped that the sharp fall in the dollar since early 1985—which was given a renewed thrust by the September Plaza Agreement—would lead fairly soon to a turnaround in the US balance of payments.

This now seems less likely. The OECD expects a current US payments deficit of over $130bn—higher than the figure of nearly $120bn registered in 1985. Even in 1987 it is expected to be well above $120bn. Japan's surplus is expected to rise from just under $50bn last year to $70bn to $80bn both this year and next. The German surplus is expected to be in the $20bn to $30bn range.

As a proportion of GNP, the US current deficit is expected to dip only slightly below 3 per cent, while the Japanese surplus is seen as hovering on either side of 4 per cent.

International statisticians will bear some responsibility for any protectionist measures rationalised by such estimates. For the world balance of payments, instead of a netting out to zero, comes to a deficit of $80bn. This is of course absurd, but the absurdity is in the wrong direction. International officials would earn their tax free salaries, and perhaps even be in the running for a Nobel Prize, if they were to allocate this residual among countries, so that at least the deficits were balanced by the surpluses.

Even if they did so, however, the US would still emerge with a very large current deficit and Japan with a still larger surplus than at present.

The OECD gives several reasons for the persistence of the very high US current deficit. They include:

- The J curve effect. The first impact of depreciation is to increase the dollar costs of imports. The increase in export value and decline in import volume take time to materialise.
- Importers to the US have absorbed much of the dollar's devaluation in their fairly fat profit margins. So far American producers have gained only a limited price advantage.
- The "imbalance effect." When imports are 50 per cent higher than exports (as they are in the US), the mere continuation of import and export growth in line with GDP will widen the imbalance. So depreciation has to work against an inbuilt tendency to deterioration.
- The effect of past deficits on interest payments. One estimate suggests that if the US trade deficit were to stabilise at 2½ per cent of GNP, the investment and service account balance, which has already moved from modest surplus to balance, will be nearly $100bn in deficit — or 1½ per cent of GNP — by the end of the decade.

The OECD and the US Treasury both seem to think that a further dollar depreciation of around 15 per cent will eventually be necessary to get the US balance of payments finally on the right track. The Bank for International Settlements is more sceptical. Its last annual report had a chart of bilateral real dollar exchange rates against the yen and the mark suggesting that all the dollar appreciation since 1981 had been reversed and that the dollar was et — or even below — the average real exchange rate of the last decade.

I leave this issue to be debated by those who claim to know what the exchange rate "should" be. But the fanciful conversation with which I began shows why it will be difficult to reduce drastically either the US surplus or the Japanese deficit until the causes are tackled domestically.

The table shows the behaviour of savings and investment in the US and Japan. The difference between gross savings and gross investment is equal to net external lending which is in turn equivalent to the current balance of payments. The savings deficiency of the US and savings excess of Japan are no surprise; for they must exist by definition in countries with large external imbalances.

The more interesting information is how these imbalances have arisen. In the US it reflects a slight downward trend in private savings and a more marked upward trend in the public sector deficit. In Japan the main force has been a contraction of the public sector deficit. Ideally these figures should be on a cyclically adjusted basis. But they still give a good rough idea.

Further dollar depreciation would not remove either the US or Japanese imbalance unless it had some indirect effects on savings or investment performance. It would do so if it triggered off a rise in US interest rates which depressed in turn American investment or (less likely) stimulated savings. That is presumably not what the US Administration has in mind.

Secretary Baker's alternative hope that, led by Japan and Germany, the rest of the world should grow more quickly—has on the face of it more to be said for it. More rapid growth in Japan and Germany could involve a reduction in the surplus of savings over investment, especially if it were triggered off by higher Budget deficits, which are themselves negative savings. Even so, if a worldwide rise in interest rates were to be prevented, some supportive monetary stimulation would be required which would only work if financial markets did not fear that the whole plan was very inflationary.

The problem about Secretary Baker's approach (on this issue endorsed by Fed Chairman Volcker too) is that it too readily assumes that growth rates depend on how much spending power governments release into the economy. This used to be known as "unreconstructed Keynesianism" but has had a new lease of life under the label of so-called supply side economics.

The US payments deficit will eventually come down as the Budget deficit declines as a proportion of GNP, which it is likely to do despite the adventures of Gramm-Rudman in the Supreme Court. The urgency of the Administration's desire to get the payments deficit down faster reflects, not so much an external solvency fear, as a concern to provide an export stimulus for the US economy, about whose growth rate Americans are nervous.

If a demand stimulus is really desired, would not an internal stimulus via the Fed prove just as effective for this purpose? It would, though the sectoral composition would be different. Mr Volcker's reluctance to reduce interest rates, without parallel action abroad, is based on a fear of kicking the dollar further down, which might re-ignite inflation.

There is thus a *realpolitik* reason for other countries, led by Germany and Japan, letting their own interest rates fall, so that the Fed can stimulate domestically without knocking the dollar into free fall. At the very least it would discourage the Americans from telling the Europeans and Japanese to unbalance their Budgets.

The growth of nominal GDP in both Japan and Germany is now so low that there is little inflationary danger in a monetary stimulus, even though these countries might not have freely chosen it.

Concerted interest rates cuts will not remove the US payments deficit, which will still have to be largely financed by the Japanese. This is preferable to any other feasible alternative.

The rest of the world can make it easier for the US to live with its only gradually declining payments deficit by removing the padlocks on Fed freedom of action—so long as it can do so without generating a dangerously rapid increase in world GDP: which is what the international monitors should be watching.

**SAVINGS, INVESTMENT AND DEFICITS**

**GROSS INVESTMENT, SAVING AND ITS COMPONENTS**

| Countries | Years | Gross domestic Investment | Gross domestic saving as percentage of GNP | Net private saving | Public sector deficit | Net external lending* |
|---|---|---|---|---|---|---|
| US | 1971-79 | 16.8 | 17.0 | 8.1 | −8.1 | 0.2 |
| | 1980 | 16.0 | 16.3 | 6.4 | −1.3 | 0.3 |
| | 1981 | 16.9 | 17.1 | 6.6 | −1.0 | 0.2 |
| | 1982 | 14.1 | 14.1 | 5.5 | −3.5 | 0.0 |
| | 1983 | 14.8 | 13.8 | 5.9 | −3.9 | −1.0 |
| | 1984 | 17.9 | 15.5 | 7.3 | −2.9 | −2.4 |
| | 1985 | 16.8 | 14.0 | 6.5 | −3.6 | −2.8 |
| Japan | 1971-79 | 33.5 | 34.2 | 20.3 | −6.3 | 0.7 |
| | 1980 | 32.2 | 31.1 | 15.8 | −6.7 | −1.1 |
| | 1981 | 31.3 | 31.7 | 16.6 | −7.3 | 0.4 |
| | 1982 | 30.1 | 30.8 | 15.6 | −6.9 | 0.7 |
| | 1983 | 28.3 | 30.1 | 15.1 | −6.8 | 1.8 |
| | 1984 | 28.2 | 31.0 | 15.8 | −5.8 | 2.8 |
| | 1985 | 28.2 | 32.1 | 15.1 | 3.6 | 3.9 |

* Equivalent to current balance of payments surplus.

Source: BIS annual report

## Lombard

# Puzzling history of sterling M3

By Anthony Harris

ABOUT THE only thing I can remember about econometrics from my student days — the subject was not held in very high regard at Cambridge in those days—was a health warning from Sir Richard Stone, which to my mind fully justified his ennoblement so many years later.

You should always remember, he said, that almost any historic series of economic numbers would correlate quite well with almost any other, because they were all growing. You could also, as he pointed out, throw in any other rising trend, and speculate that rising GDP makes children taller (true) or that rising owner-occupation is associated with a rising trend of underlying inflation (suggestive, whichever way you read the chain of cause and effect). Be suspicious; that was the message.

Sir Richard came strongly to mind, therefore, when Professors Alan Budd and Sean Holly offered this week an econometric study* of the demand for money based on figures stretching back to 1871, which is more than a century before anyone had even heard of sterling M3.

This is also a period which covers the gold standard, the 1930s float, Bretton Woods and its breakdown, falling prices for the initial 40 years and variable inflation thereafter, periods of credit control without monetary targets, monetary targets without credit control, the corset, over- and under-funding exchange rate disciplines and their absence, war and peace.

Accepting for a moment that Budd and Holly have indeed discovered an equation which explains the demand for money through all this turmoil, what is the natural conclusion? It would suggest to me at least that our monetary history is determined by some law as immutable as the law of gravity, totally unaffected by policy regimes, and that we have all wasted a great deal of ink on the subject.

However, once you examine the equations on offer, this seeming certainty fades rather rapidly away. First, it turns out that the law is not as immutable as all that. It explains, statistically, about three-quarters of the changes actually observed, which is not a very powerful explanation by the Stone standard. Secondly, even this not impossibly demanding law breaks down completely for the Barber monetary explosion, and may well prove to have broken down again this year, which means that it will not give us the answers we are most worried about at the moment.

Above all, though, it is horribly complicated. The demand for money does not just depend on nominal growth and representative interest rate. It also depends, quite heavily, on the rate of inflation, and on the shape of the yield curve—whether the Government is outbidding the banks for money in the gilts market.

This leads to two complications. First, it means that only the yield curve can tell us whether to be worried about excessive growth of M3 — a conclusion which Gordon Pepper claimed some time ago. Worse, it raises what must be called the Buiter-Miller paradox, elaborated by those two professors four years ago.

This points out the awkward fact that people want to hold more money when inflation is low because it is a better store of value. This means that you need more money, not less, as inflation falls, which leads to awkward results if you use a monetary squeeze to reduce inflation. Raising the quantity sharply while reducing the growth rate must be quite a trick. I thought this was a satirical point when it first came up, but Professor Budd says "No."

So what do we have? A fairish explanation which breaks down when you most want it, and some nasty paradoxes. And what can be learned from this? Budd and Holly conclude that we should soldier on with targetry, with fuller explanations about why the figures are often so odd. It is not the conclusion I would draw myself.

*London Business School Economic Outlook, June 1986.

# Letters to the Editor

## Disarray over South Africa

*From Professor G. Allen*

Sir,—Mrs Thatcher may be in disarray over South Africa. But it is hard to see that any Western comment, whether for or against sanctions, is much better based. This is no better illustrated than by Mr Davidson's long piece (June 23) which at no point discusses whether added sanctions will reduce or increase the risks of a bloodbath, when either outcome seems equally plausible, or considers just how added pressure will promote reform.

The South African regime is immoral and despicable. But where does that judgment get us? No ethnic minority would willingly or quickly surrender its controlling political and economic powers to a presently disenfranchised majority of some other race. That grim fact would apply if, by some magic wand, such a situation faced a Britain governed by any one of its three parties (separately or in coalition) or, say, Mr Gandhi's India. The path to a decent solution is horrendously difficult, which we all must know but seem unwilling to admit.

South Africa may find salvation by working towards a Swiss solution in which one day, some but not too many years hence, all critical political powers would be confederally controlled by the "black" and "white" cantons. This is presumably what many political and religious leaders in the country have in mind, including some who appear reactionary on the one side and revolutionary on the other. (If not, there really is no hope.)

But, at the most optimistic it is unrealistic to expect more as a beginning for the unrepresented and exploited majority than much accelerated economic development specific to their interests (including some self determination of policies) and fully enfranchised local government for them in the less "sensitive" sectors (education, hospitals, public housing and the like).

This is, perhaps, obvious and what, it is hoped, added sanctions will achieve. But, if the intention is to make the whites of South Africa pay the enormous costs of starting to make good the decades of exploitation (the gains of which have flowed in large measure through international trade to the west), then the impossible is being expected and failure is certain.

Those who defend and those who condemn the present regime in South Africa would have much more chance of being constructive if they would come together to formulate a development plan for the non-white peoples and areas, which to be acceptable and successful would be extremely expensive and need to be financed largely from outside the country. This done, another Eminent Persons Group would have the basis of a fruitful mission.

If this course is ruled out as too much for white South Africans, as insufficient for their compatriots and as too costly for the outside world, then we might as well stop talking and await the growing horrors.

(Professor) George Allen,
*West Woodlands,
Newton Tracey,
Bornstaple, Devon.*

## Venture capital

*From the Chief Executive, Capital for Companies*

Sir,—Since our experience of trying to set up the Coverdale development capital fund was referred to by Ian Hamilton Fazey in his article about venture capital (June 12) perhaps we should amplify his main point regarding the export of employees' savings from Yorkshire to London. Although data is not easily available we believe the amount involved is substantial and saps the Yorkshire economy by restricting the development of new "sunrise" businesses to replace those on which the sun sets.

In Yorkshire and Humberside there are four local authority pension funds with assets approaching £1.5bn and a new money inflow of around £100m annually. Investment income will double this latter figure. We estimate that 99 per cent of this inflow is exported to London.

The region has five highly rated Universities. How ironic then that 99 per cent of employee savings are sent to London with little chance of returning to provide the finance required to convert ideas and products developed within these Universities into new small local businesses and the generation of jobs.

The picture is the same for Yorkshire water, Negas, Yorkshire electricity, Yorkshire coal, the power stations, British Rail and the Post Office, all of which divert their employee savings into giant pensions funds in London. There seems to be little local influence on the investment policies of these crucial financial institutions.

Nor is the private sector above criticism. National concerns based in Yorkshire including the major brewers, aerospace and telecommunications companies all feed capital from their employees in Yorkshire to their pension funds in London.

And what happens to this huge flow of investment capital?

We believe it is partly used to pay ever increasing salaries which are beyond the belief of senior managers let alone the ordinary person. This in truth fuels the upsurge in property prices in the south east. Of course some of the capital is invested overseas as loans to so called low risk (?) areas like California and Texas property. The major portion, however, is invested in the Stock Market. This may help large business but does little to bring on the next generation of ICIs. Currently the vogue is to underwrite the mega bid which in many instances merely shuffles company ownership and creates little "added value."

Only a few crumbs are left in Yorkshire from the harvest which employees have raised. We strongly urge the Yorkshire local authorities, public bodies and Universities to review their pension funds policy and ensure that some of their employee savings are channelled into local unquoted investments in the region.

B. A. Anysz.
*14 East Parade,
Leeds.*

## Lack of will on air fares

*From Mr A. Lucking*

Sir,—You ask (June 24) why not let the more efficient airline gain as much market share as it can? The principal reason that costs vary within Europe is that Continental wage and salary levels are around twice UK rates. They comprise 35 per cent of total expenses for Swissair, and 26 per cent for British Airways, which is the highest figure for UK airlines. British Airways noted in May that its productivity still lagged 10 per cent-15 per cent below the top 10 International Air Transport Association airlines so, though it is competitive in Europe, this is not because it is efficient.

Continental Governments will not contemplate full blooded competition, because it would destroy some nations' strategic air transport capability. Hence, the most we can hope for is "country of origin fares," geared to cost levels in the country where they are sold.

For Britain, the key problem is to organise enough local competition to force British Airways to finish the job of maximising its staff productivity. It has been calculated that it is still carrying up to 7,000 passengers on its payroll. Its recent profits have flowed from the high fares about which you complain (plus the release of £43.9m of unneeded redundancy reserves!).

A. J. Lucking,
*17 Broad Court,
Bow Street, WC2*

## Unendangered species

*From Mr R. Kellett.*

Sir,—Mr David Lascelles, in "Endangered species" (weekend FT, June 21), overlooks one salient fact.

The successors of his "great 18th and 19th century financiers" are not the Hambros, who have recently packed their tents, or the other cosy family banks. The true successors got to work in the *1960s*—people like Siegmund Warburg, Cyril Kleinwort, Kenneth Keith—and made the transition from the dynastic bank to the fully competitive Warburgs, Kleinworts and Hill Samuels of today. What they did then was to inject essential new blood, change the management style, do some new thinking and re-create the flair which the Old Guard had lost.

My conclusion is that their picked successors are not playing for independence *per se* (Mr Lascelles says this is their best asset) but for an improved financial performance all round, come what may.

Incidentally, the reason why the Bank of England floated a lifeboat for Barings almost a century ago was that its liabilities were thought to represent nearly 10 per cent of the nation's entire gold stock. If today a merchant bank did a similarly sensational bust (and 10 per cent now would involve a lifeboat for £1.2bn), I suggest that even the Old Lady would cease chattering about big bangs and stir into action.

Richard Kellett,
*Hermhill Research Organisation,
Fernhurst, Haslemere, Surrey.*

## Workplace ballots

*From the Director,
Aims of Industry*

Sir,—Philip Bassett (June 16) comments that workplace ballots in trade unions produce a markedly higher level of membership participation than postal votes, according to a forthcoming academic study. He *refers to* John Leopold's "Say yes to a voice"—an analysis of the campaign for the retention of trade union political funds 1984-86.

This is not the slightest bit surprising. Workplace ballots are much easier to manipulate and therefore it is inevitable that more forms would be filled in—though regrettably not always by the trade union member himself!

One could argue equally that Soviet elections have higher participation than western democratic countries, and that their methods should, therefore, be adopted.

Michael Ivens.
*40 Doughty Street, WC1.*

FINANCIAL TIMES

Thursday June 26 1986



**Robert Thomson in Peking** looks at the difficulty of meshing European and Chinese technology

# Volkswagen treads carefully in Shanghai

WHILE attention has focused on the problems of the American Motor Corporation's Jeep joint venture in Peking, a Volkswagen venture in Shanghai has shifted into gear, highlighting unusual problems of its own.

Volkswagen is assembling Santanas in co-operation with the Shanghai Automobile and Tractor Industry Corporation, and plans to extend the car's local content, as well as building a VW engine plant.

The project, for which a 500-page contract was signed in October 1984, is about six months behind schedule, partly because the Shanghai Corporation decided that instead of scrapping the old equipment in its factory, it would be moved to a new factory a few kilometres away, while the old factory would be modernised by the venture partners.

The West German partners did not find out about the relocation plan until after agreement had been reached. As a result, they had to wait for the new factory to be built so that the Shanghai Corporation could continue producing the Shanghai model that has been rolling off the line for more than 20 years.

Curiously, the Shanghai was modelled on a 1950s Mercedes 190, after the Shanghai Corporation bought a Buick and decided that the Mercedes was the better car to copy. VW officials in Shanghai would like to open a museum to display the originals.

Volkswagen has attempted to overcome the poor quality of Chinese parts, a problem that is also afflicting the Jeep project and limiting local content, by encouraging its major German suppliers, such as Bosch, to start component joint ventures with other Chinese corporations.

Dr Martin Posth, the commercial executive director of the Shanghai venture, said improving local content remained one of the biggest problems. "We have told the local suppliers that they should aim to have world standard parts," he said. "If you aim a little bit lower, you will never be in a position to export."

The venture involved building a factory with an annual capacity of 20,000 Santanas by 1989, and an engine factory with an annual capacity of 100,000 engines by 1990. The starting capital was 160m yuan ($50m) and Volkswagen has a 50 per cent share. The Shanghai Corporation holds 25 per cent, a Bank of China subsidiary 15 per cent and the China National Automotive Industry Association 10 per cent.

China has banned most car imports for the next two years, which has been a bonus for the foreign carmakers with joint venture plans. But the tighter foreign exchange controls have created new problems for those companies.

Dr Posth said the Santana venture had avoided that problem, but that negotiations were taking place with the Chinese on a reappraisal of the engine plant agreement to take into account the effects to the yuan's dramatic devaluation against the D-Mark. The rate has changed from 0.7 yuan to the D-Mark in 1983 to 1.4 yuan now.

He said that inflation was also a problem, with great differences in price increases from supplier to supplier: "Inflation in China is not from the forces in the market," he said. Some suppliers arbitrarily increased prices, though political pressure could be used to force price cuts.

VW has been pleased with the efforts of the venture's Chinese managers, while the new factory opened by the Shanghai Corporation, which has applied some VW techniques, has created competition between the joint venture and the local product.

But the Volkswagen venture has been slowed by the stifling bureaucracy and infrastructure problems that hinder most foreign businesses in China. Getting approval for the import of school equipment for the children of German staff took months, while moving the Santana kits from the Shanghai port to the factory sometimes takes longer than shipping the kits from Hamburg to Shanghai.

At present, most of the car is still imported, with tyres, radios and steering wheels among the parts made locally. VW is hoping that, as its suppliers settle agreements with other Chinese factories, the local content will rise significantly: the aim is to have 80 to 90 per cent local content by 1991.

The Volkswagen vision is that the factory will ultimately produce vehicles to compete with Japanese and South Korean manufacturers in east Asian markets, as well as satisfying the growing Chinese demand for vehicles. Only one in 7,000 people in China has a car.

# Toyota defends rise in Japan's exports to Europe

BY CARLA RAPOPORT IN TOKYO

TOYOTA MOTOR, Japan's largest car maker, yesterday announced a third price rise in less than a year for its European exports, saying that its cars now cost more than comparable West German and US models.

Top Toyota officials stressed, meanwhile, that the recent rise in car exports to Europe is not part of a global strategy to shift exports there from the US. Japan's exports to the US have slowed because of the rapid appreciation of the yen against the dollar. Its appreciation against European currencies has been significantly less in most cases.

In the first four months of 1986, Japanese car exports to the EEC rose to $1.64bn, 92 per cent higher than in January-April last year. In May, exports to the EEC were up 78 per cent on a customs-clearance basis, against a 21.8 per cent increase in dollar terms to the US.

Tokyo's Ministry for International Trade and Industry (Miti) recently cautioned Japanese car makers on the fast-rising level of EEC exports, asking for voluntary export restraint in order to head off further trade friction between the EEC and Japan. No target of quota has been sought by Brussels nor, so far, offered by Miti.

In an interview yesterday, Mr Takahisa Fujita, general manager of Toyota's Europe operations, said: "This shift theory from America to Europe is totally wrong."

Mr Fujita said there were special reasons for the sudden jump in car exports to Europe. He said the European car market was sluggish early in 1985 because of confusion over emission standards. In the first five months, according to Toyota, shipments of Japanese cars were 13 per cent below the comparable period in 1984.

Now that the emission issue has been settled in most countries, Toyota has been able to sell cars with specially-designed engines that meet the new requirements. According to Toyota, some competitors have charged customers in West Germany, for example, as much as DM 700 ($315) extra for cars which meet these standards. This cost advantage was the main reason for the fast increase of Toyota's sales in Europe this year, where its unit sales have jumped 41 per cent in the first five months.

"We have no intention of giving up volume in the US market. Further, we are building a new plant in the US. We need marketing support for this plant, so we can't afford to let sales drop," he said. The same was true, he said, for other major Japanese car makers.

Toyota denies claims that it is absorbing the cost of the higher yen in Europe in order to avoid increasing its prices and losing competitive position. In the West German market, where the yen has appreciated 11 per cent against the D-Mark, Toyota Starlet, for example, now costs DM 12,990, compared with the Volkswagen Polo at DM 12,395, according to Toyota. The larger Corolla is also about DM 500 more than a VW Golf, Toyota says.

Mr Fujita said that Japan's strong performance in Europe was bound to slow down, perhaps averaging between 15 and 19 per cent overall growth for the industry as a whole.

"We understand that as long as we are prudent and moderate in our growth, it won't become a political issue."

French go-ahead for Matra/Fiat deal, Page 15

# Belgian bank buys UK stake

*By David Lascelles in London*

A STAKE of just over 20 per cent in Brown Shipley, the UK accepting house, has been acquired by Kredietbank SA Luxembourgeoise, a merchant bank based in Luxembourg, in a transaction worth £23.1m ($35m).

The price per share paid by Kredietbank was more than a fifth above the level at which Brown Shipley stock was trading in the open market, and the news produced an astonished reaction on the London Stock Exchange yesterday.

Kredietbank bought the stake from Henry Ansbacher Holdings, the small London-based bank, and GBL, the Brussels banking group, which had themselves bought it only two months ago.

Kredietbank agreed to pay 750p a share compared with Tuesday's closing price of 610p. Brown Shipley shares were marked up sharply to over 700p on the announcement yesterday morning, but then fell back steeply to 590p for a net loss on the day of 20p. However, the deal is understood to have netted Ansbacher and GBL a profit of £7.7m on their brief holding of the stake.

Kredietbank, which is not represented in the City of London, said it had been trying for some time to establish a relationship with a London merchant bank. Brown Shipley will enable it to reach the UK capital markets through its investment dealing and management divisions and its stockbroking company, Heseltine Moss.

In return, Brown Shipley will be able to use Kredietbank's expertise in the international capital markets to reach a wider clientele for its corporate finance services.

Kredietbank is 45 per cent owned by Kredietbank NV, one of the largest banks in Belgium, and by several other institutions in continental Europe.

# Price collapse 'may cost Opec members $50bn this year'

BY RICHARD JOHNS IN BRIONI

MEMBERS of the Organisation of Petroleum Exporting Countries may suffer a decline in revenues of $50bn to $60bn this year, according to Opec estimates. The organisation's 13 members had total revenues in the $130bn to $140bn range in 1985.

Despite this bleak forecast – probably on the optimistic side – in a report prepared by Opec's top economic experts, the prospects of any accord leading to restraint in collective output, a plausible system of quotas and a greater measure of co-operation by other producers, seemed minimal on the first day of the organisation's ministerial conference in Brioni.

Mr Gholamreza Aghazadeh, Iran's Oil Minister, said he saw little chance of a deal between the majority still basically committed to recovery of market-share for Opec and the minority insisting on a cut in the group's production to stimulate prices back to around $28 a barrel as soon as possible.

The revenue forecast is contained in a report by Opec's Economic Commission Board, which was being discussed by the conference last night. It also predicts a decline of 9 per cent in the gross domestic product of the group as a whole in 1986, with the rate varying according to the predominance of oil in the economies of the member-countries.

Nevertheless, there were indications of a more conciliatory attitude by Iran, which, together with Algeria and Libya, makes up a triple alliance pressing for a reduction in Opec output, which is believed to have been running at about 19m barrels a day (b/d) this month and to have created a dangerous oversupply.

Remarks by Mr Aghazadeh to other chief delegates before the start of this meeting suggested that Iran may propose a cut in output less severe than the 14m to 14.5m b/d ceiling insisted upon by the triple alliance at the last conference in Geneva.

Yesterday, he and Mr Fawzi Shakshuki, the Libyan chief delegate, consulted with Sheikh Ali Khalifa al Sabah, Kuwait's Minister of Oil. Kuwait holds Iran responsible for explosions at its Al Ahmadi oil complex on June 18 which temporarily stopped production, and was evidently meant as a protest against the high rate of 1.5m b/d sustained by the Arab state.

After the talks Mr Shakshuki said that restoration of oil prices to a range of $17 to $19 a barrel, seen as a reasonable and attainable goal by the end of the year by the majority, was not enough. "It would be as if we did not do anything," he said.

On Tuesday night, Sheikh Ahmed Zaki Yamani, the Saudi Oil Minister, said that his government was not prepared to agree to a lowering of its quota.

# Threat to UK over sanctions

**Continued from Page 1**

monwealth would be much easier for Pretoria to deal with than a group of nations which was speaking with a single voice.

It is believed that Sir Shridath has been able to persuade Mr Kaunda and other Commonwealth leaders not to make any moves that could lead to a dissolution of the group. However, most of Britain's African partners believe that if the August meeting of Commonwealth leaders ends in failure, Britain will have to bear the consequences in some form or another.

**Peter Riddell, Political Editor, in London, writes:** The British Government yesterday protested to South Africa about the continuation of the State of Emergency and about the level of detentions in a further effort to intensify diplomatic pressures ahead of the EEC heads of government council in The Hague today.

Mr Denis Worrall, the South African ambassador in London, was summoned to the Foreign Office to see Mr Ewen Ferguson, a senior official, and there were similar contacts in Pretoria.

In the House of Commons yesterday, Mrs Lynda Chalker, the Foreign Office Minister of State, claimed that Mrs Thatcher would go to the European Council and to the Commonwealth meeting in early August with "an open mind to see what effective way we can bring about a change of attitude on the part of the South African Government."

Mrs Chalker's comments followed a lengthy discussion of South Africa at the full Cabinet. Ministers apparently endorsed the Prime Minister's approach of seeking a resumption of internal negotiations, coupled with increased assistance for black education.

Mrs Thatcher seems unlikely to put forward any specific new measures against South Africa. However, the indications in London are that if the rest of the EEC insists, the UK might reluctantly agree to some restrictions on the import of South African frozen vegetables, even though this is not regarded as desirable, as part of a package of other measures intended to provide a signal to Pretoria.

Mrs Chalker's report to the Commons on her controversial meeting on Tuesday evening with Mr Oliver Tambo of the African National Congress was unexpectedly well received as many of the conservative right-wing critics of the discussions remained silent. However, one Member of Parliament accused the Government of "treating with terrorism," though others said that the ANC was an important voice which must now be heard.

Mrs Chalker believed that the meeting was positive and could prove "a very valuable initiative in bringing about an end to violence and a start to negotiations."

# UK to control price of salt

BY TONY JACKSON IN LONDON

THE BRITISH Government is to control the price of salt.

Mr Michael Howard, consumer affairs minister, yesterday accepted the recommendation of Britain's Mergers and Monopolies Commission that salt prices be controlled because two producers had an effective monopoly in the UK market which operated against the public interest.

British Salt, which has 50 per cent of the white salt market, will be allowed to raise its prices only in line with costs less 1 percentage poiot. The system will be reviewed after five years.

ICI, which has a further 45 per cent of the market, is to suffer no price restriction. The commission believes that ICI is a much less efficient producer and that any attempt to raise prices above British Salt's would result only in loss of ICI's market share.

The commission said that, although there was no evidence of the two producers having engaged in uncompetitive practices, such as excluding potential rivals from the market, price increases in the UK had been significantly higher than they would have been in effective competition.

The report says "British Salt, as the low-cost producer, could have put more competitive pressure on ICI and still achieved a good return on capital employed. Instead in recent years it has chosen to follow the price increases of ICI, whose UK costs per tonne are significantly higher than its own."

ICI, witch claims to have lost nearly £500,000 ($750,000) in its white salt business last year, said the decision could lead to its withdrawal from the market. "We're not going to stay in the market if in the next two to three years we don't return to satisfactory profit levels," ICI said. "To have price controls based on our competitor's costings is unacceptable."

The commission found that prices in the UK salt market, which was worth around £45m in 1984, had risen substantially faster than the manufacturing industry average. In the five years to 1984-85, British Salt's prices had risen by 82 per cent.

## World Weather

| | | °C | °F | | | °C | °F | | | °C | °F | | | °C | °F |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Ajaccio | S | 26 | 79 | Dubrovnik | S | 28 | 82 | Malta | S | 29 | 84 | Rhodes | S | 29 | 84 |
| Algiers | S | 28 | 82 | Edinburgh | F | 19 | 66 | Manchester | F | 18 | 66 | Rio de J'o | S | 27 | 81 |
| Amsterdam | F | 21 | 70 | Faro | S | 22 | 72 | Manila | S | 33 | 91 | Rome | S | 26 | 79 |
| Athens | S | 31 | 88 | Florence | S | 30 | 86 | Melbourne | S | 12 | 54 | Salzburg | S | 25 | 77 |
| Bahrain | S | 35 | 95 | Frankfurt | F | 24 | 75 | Mexico City | C | 21 | 70 | San Francisco | C | 20 | 68 |
| Bangkok | S | 32 | 90 | Funchal | R | 20 | 68 | Miami | C | 30 | 86 | Seoul | F | 28 | 82 |
| Barcelona | – | – | – | Geneva | S | 25 | 77 | Milan | S | 27 | 81 | Singapore | S | 33 | 91 |
| Beirut | F | 28 | 82 | Gibraltar | S | 27 | 81 | Montreal | F | 19 | 66 | Stockholm | S | 24 | 75 |
| Belfast | S | 19 | 66 | Glasgow | C | 16 | 61 | Moscow | C | 11 | 52 | Strasbourg | S | 25 | 77 |
| Belgrade | F | 24 | 75 | Guernsey | C | 21 | 70 | Munich | S | 22 | 72 | Sydney | S | 15 | 59 |
| Berlin | F | 24 | 75 | Helsinki | S | 23 | 73 | Nairobi | S | 19 | 66 | Taipei | R | 32 | 90 |
| Biarritz | S | 22 | 72 | H Kong | R | 27 | 81 | Naples | F | 31 | 88 | Tangier | F | 22 | 72 |
| Bombay | S | 30 | 86 | Innsbruck | S | 25 | 77 | Nassau | C | 31 | 88 | Tel Aviv | C | 28 | 82 |
| Bordeaux | S | 29 | 84 | Inverness | F | 18 | 64 | New Delhi | F | 30 | 86 | Tenerife | C | 22 | 72 |
| Brussels | S | 21 | 70 | Islamabad | C | 32 | 90 | New York | S | 30 | 86 | Tokyo | C | 24 | 75 |
| Budapest | F | 24 | 75 | Istanbul | S | 26 | 79 | Nice | S | 25 | 77 | Toronto | C | 17 | 63 |
| B Aires | F | 18 | 64 | Jakarta | C | 31 | 88 | Nicosia | S | 34 | 93 | Tunis | S | 29 | 84 |
| Cairo | S | 33 | 91 | Jersey | F | 25 | 77 | Oporto | S | 21 | 70 | Valencia | – | – | – |
| Cape Town | S | 25 | 77 | Jo'burg | S | 18 | 64 | Oslo | S | 22 | 72 | Venice | S | 28 | 82 |
| Caracas | C | 26 | 79 | Lima | C | 18 | 64 | Paris | S | 23 | 73 | Vienna | F | 22 | 72 |
| Casablanca | C | 23 | 73 | Lisbon | S | 22 | 72 | Peking | S | 31 | 88 | Warsaw | C | 19 | 66 |
| Chicago | C | 16 | 61 | London | F | 23 | 73 | Prague | F | 21 | 70 | Washington | – | – | – |
| Cologne | S | 22 | 72 | Los Angeles | S | 25 | 77 | Reykjavik | C | 9 | 48 | Zurich | S | 23 | 73 |
| Copenhagen | S | 22 | 72 | Luxembourg | S | 22 | 72 | | | | | | | | |
| Corfu | S | 29 | 84 | Madrid | S | 30 | 86 | | | | | | | | |
| Dallas | – | – | – | Majorca | – | – | – | | | | | | | | |
| Dublin | – | – | – | Malaga | – | – | – | | | | | | | | |

*Readings at mid-day yesterday:*
C-Cloudy D-Drizzle F-Fair Fg-Fog H-Hail R-Rain S-Sun Sl-Sleet Sn-Snow T-Thunder

# El-Sayed faces probe

**Continued from Page 1**

It says that it is "improbable" that a broker would have made the purchase for Micro Chem without its having been arranged by Mr el-Sayed.

The Fermenta share price, which stood at SKr 250 on January 3, jumped to SKr 300 on January 9, the first trading day after the deal with Volvo had been revealed.

Given the number of shares involved, the inspectorate said that the case could not be considered "insignificant." "Even if it was made to correct earlier share disposals, or out of "cross carelessness."

As possible mitigating circumstances, the inspectorate says that the day before the illegal purchase of 45,900 shares, Micro Chem had sold some 160,000 Fermenta shares.

The inspectorate also claimed that Mr el-Sayed had breached the new law trough his failure, as an insider, correctly to inform the authorities of the above and other trades in Fermenta shares.

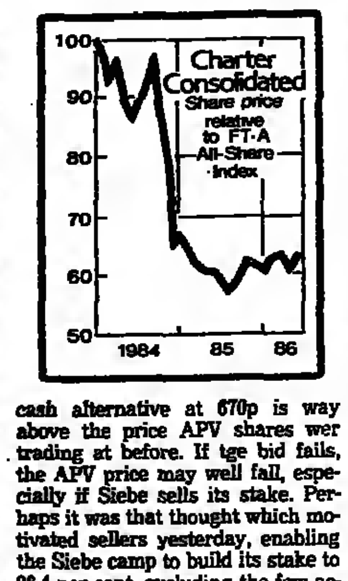
In a visit to the inpectorate, Mr el-Sayed claimed in writing that neither he nor his associated companies had sold or purchased any Fermenta shares in the period from December 31 to January 8.

In a later letter to the authorities in April, Mr el-Sayed admitted that Micro Chem had sold 160,000 shares on January 2.

In the letter he gave the wrong date for the illegal purchase of the 45,000 shares, however.

## THE LEX COLUMN

# A Charter for recovery




For some time, and especially in the past two years, Charter Consolidated has looked like an investment trust rotten ripe for unitisation. A discount to net assets, at one point as deep as 45 per cent, showed the City of London's view of the return that a prickly, protected and unlucky management could earn from these assets.

Yesterday's results for the year to March should bury this image. It is not the bald figures, although these are good enough: pre-tax profit is up 74 per cent to £28.8m and earnings almost doubled. It is rather that the management's energy in disposing of low-yielding assets, and sweating up the return on others, is making the promise of a 20 per cent return on capital less fanciful. If Charter has a chance of earning the £100m implied by that goal, the share should not be yielding 8.5 per cent.

For the moment, returns are much more pedestrian: as with Cape and Johnson Matthey, the progress comes mainly from dropping burdensome low-return assets financed with debt. Interest charges fell 35 per cent and will fall perhaps as much this year: the sale of Charter's Rowe & Pitman stake, though arguably its best investment, will reduce debt to the minimum level to hedge Charter's US dollar assets.

Charter still has much to do in redeploying capital tied up in passive investments into its operating businesses and in sorting out, or running down, the contracting side. It is hard to share the company's optimism about the tungsten price, and nobody would risk waking the Charter gremlins by suggesting there will be no repetition of the £8m in exceptional provisions. But even without anything dramatic at JM, or much progress in the manufacturing businesses, Charter can make over £40m this year, which implies a single-figure multiple at yesterday's share price, up 6p at 258p.

## Siebe/APV

When Siebe's £220m offer for APV closes at 1pm tomorrow it is sure to be a close-run thing. Although the convertible preference share offer is unlikely to attract, the cash alternative at 670p is way above the price APV shares were trading at before. If the bid fails, the APV price may well fall, especially if Siebe sells its stake. Perhaps it was that thought which motivated sellers yesterday, enabling the Siebe camp to build its stake to 28.4 per cent, excluding the few acceptances already received.

But the battle is about far more than numbers. There is a growing feeling that companies should not be handed over to acquisitive conglomerates quite as readily as they have been in the past. Siebe can point to a good takeover track record. But in this instance the aggressor has not proved its case on either industrial logic superior management beyond reasonable doubt. APV has argued capably that its own management has improved and that profits are growing rapidly enough to make the offer look less generous. The handful of institutions which will decide the issue should take this chance to look beyond short term gains. If APV survives, they may well call in their markers if it fails to perform.

## Cable & Wireless

It is hard to see what can go wrong at Cable & Wireless. Once again it has beaten brokers' forecasts with profits in the year to March up from £245m to £295m, despite the group's sensitivity to the fall in the dollar. Fears that Hong Kong traffic might have slowed proved unfounded. Indeed, the opening up of China and the general growth in the area should keep Far East profits moving up. The US business managed to improve margins, though they will never match the levels of the rest of the group. But some time or other competitors must decide to take some of C&W's 32.5 per cent pre-tax margins.

Even if they spend the next few years doing that, C&W will meanwhile be changing from the old, fast-growing business into a different, though similarly expanding, company. First Mercury, and further ahead the so-called digital highway will take up the running. Mercury's losses should be much smaller in the current year, while profits are expected next, rising to perhaps £100m in 1989-90. Thereafter, a return should start to come from the heavy capital expenditure, shared with various partners, C&W is making in trans-ocean cables.

That spending now seems within C&W's capabilities without further recourse to shareholders, eliminating another concern. Given a stable dollar, profits this year could reach the mid-£300m level, suggesting a p/e around 17 with the shares at 705p up 15p yesterday. The shares' severest handicap is the run they have already enjoyed.

## Brown Shipley

There seems no limit to price in the offshore market for second-team accepting houses. Even if Brown Shipley had been underdisclosing earnings at the Morgan Grenfell rate, yesterday's price paid by Kredietbank of Luxembourg for a 20 per cent parcel of equity would still be astonishing – especially for a company that has just reported a dip in profits. At this rate, investors will have to tender at least £10 to have the smallest chance in the Morgan offering today.

The market, which has been mesmerised by the 20 per cent since Ansbacher picked it up, could not believe that Kredietbank would not go for the lot. The Brown Shipley share price rose over £1 at one point, to 720p, before the financial institutions woke to the horrible notion that the Luxembourgeois might really be as good as their word: the price ended 20p down on the day. Presumably it will be some time before Kredietbank raises that 20 per cent is no guarantee of much say in a business nowdays.

## JOBS

# How either side can cheat in recruitment

BY MICHAEL DIXON

AS YOU read, pairs of people in hundreds of rooms are talking intently about a vitally important matter. One of them is being interviewed for a job. The other is the interviewer.

Wherever in the world they are sitting most of them will be talking largely in good faith, although hardly any one on either side of the interviewing desk will tell the whole truth and nothing but the truth. But here and there the entire exercise will be, on one side or the other, a total confidence trick.

The con is in some cases committed by the recruiter. The most common instance perhaps occurs in the public services where bureaucratic rules dictate that all vacancies above a given level must be openly advertised and the full selection procedure celebrated.

There is, by the way, an aspect of the public-service rituals which is liable to nonplus candidates who have previously been interviewed only for business jobs. The tax-payer-financed variety can be remarkably open in the sense that they are held on a particular day and the candidates tend to turn up in bunches. When the opening is of a kind that comes up fairly frequently, the regular candidates come to know one another and hob-nob as they wait for their number to come up.

Recently, for example, I met an ambitious and athletically talented teacher who was on the interview circuit for deputy-heads' posts in big secondary schools. He said it felt much the same as being a regular contender in tennis tournaments such as Wimbledon.

"You sit there keyed-up, convincing yourself that this time you'll sweep the board. Then in comes a big player, and your heart hits the floor." The only real difference, he added, was that the winner of the interview did not usually reappear in the circus for at least a year.

Often in the public sector, however, the paper is pushed, interviewers if not panels of selectors are assembled, candidates shipped in and so on even though who will get the job was decided before the first advertisement appeared. The process is a charade—and at the public's expense—from start to finish.

Conning from the candidates' side is probably no less frequent. Sometimes it is also swashbuckling. An instance was cited the other day by Nick Cowan, now director of the Federation of London Clearing Bank Employers, at a seminar staged by International Business Communications.

In e previous job numerous years ago, he was trying to recruit a top-class financial analyst. One of the most impressive written applications he received was from a man who said he was severely disabled. He had flown jets with the US Air Force in Korea, and had been shot up in a dog-fight.

To attend the interview he would have to travel a long way and stay overnight near by, and the special facilities he needed would be expensive. Was the company prepared to meet the costs?

The answer was yes. The man duly arrived by cab, was pushed into the interviewing room in his wheel-chair, and over the next couple of hours dealt brilliantly with questions not only from Mr Cowan but from the company's financial experts. He then stayed for lunch, during which he chatted about flying jet aircraft with one of the interviewers who also had been a pilot in Korea with the Fleet Air Arm.

When the candidate left he was holding everybody's vote for the appointment as well as a cheque for expenses about three times the amount the company was used to paying.

The next morning Nick Cowan went to visit another of the company's branches about 40 miles distant which had a senior management job to fill. His personal colleagues at the branch told him that the previous evening they had seen pretty well the ideal candidate.

The interview expenses had unfortunately been heavy because the man was severely disabled.

On checking, they found of course that none of the previous employers or the professional body or university which appeared on the man's curriculum vitae had ever heard of him. Nor had the US Air Force. The company did not hear of him again either.

"Even though it rankles to find out you've been taken for a ride like that," Mr Cowan added, "you can't help admiring the skill and verve it was done with, especially since the company didn't suffer much harm from it."

But there are other forms of deceit on the candidates' side which, although more work-a-day, can be deeply damaging. For example, after I wrote four weeks ago about candidates' right to expect decent treatment from recruitment consultants, I promptly received half a dozen protests from headhunters of whom four cited the same type of conning by applicants.

It consists in the appearance of a polished person with an impeccable career record and employed in much the same sort of business whom the most canny recruiter could scarcely avoid putting on the final short-list. But somehow, after going through numerous interviews and eliciting detailed information about the company and the job, the candidate decides to stay with his or her present employer.

"Certainly it isn't always industrial espionage," wrote one of the protesters, "but it stands to reason that it must be sometimes. And that is far from the only way we stand to be cheated. Nobody could argue that applicants are sometimes done down by recruiters, but I'm sure we are as much sinned against as sinning."

So, in view of the evidence, it is not surprising that headhunters are often less candid and trusting than entirely upright, if perhaps somewhat inexperienced, candidates might expect. But how to reduce the mutual suspicion which so often bedevils what should ideally be on both sides an honest encounter, is an extremely difficult question.

Several attempts have been made to answer it by the promulgation of codes of recruitment practice.

A new example is published in Britain today by the Management Consultants Association. (Any reader wanting a copy should contact Brian O'Rorke, the association's executive director, at 23-24 Cromwell Place, London SW7 2LG.) An earlier, and to my mind more usefully comprehensive, version is the one developed by the Jobs column and the Institute of Personnel Management in the late 1970s which is now part of the IPM's professional code.

But while such codes can no doubt have a good effect over time on behaviour on both sides of the employment process, they cannot get to the root of the difficulties which is the recruiter or candidate who intends to cheat thoroughly and from the outset.

In the circumstances it seems that the best policy for people either offering or seeking jobs is to abide by the selfsame motto: Let the buyer beware!

### Brussels bank

HEADHUNTER John Williams seeks a senior treasury consultant for the Brussels arm of a United States bank. As he may not name the employer he promises to honour any applicant's request not to be identified to his client at this stage.

Applicants should have been successful over at least three years in risk-taking activity in international money markets, including hedging and arbitrage, and be fluent in Italian as well as English.

Salary equivalent of £30,000-plus with profit share. Car and housing loans among perks.

Inquiries to Russell Williams and Associates, 43-45 St Mary's Road, London W5 5RQ; telephone 01-579 1062.

# REGIONAL ADVANCES MANAGER

**Manchester c£35K+banking benefits+car**

TSB England and Wales seek to appoint an experienced Banker as Regional Advances Manager based at the regional office in Manchester.

Reporting to the Regional General Manager he or she will be responsible for implementing the Bank's credit services policy which will include the control and development of all retail lending business within the Region.

Applicants should:
- have a commercial banking background
- be able to demonstrate considerable experience at a senior level in an advances control environment
- have branch banking experience in a managerial capacity
- be skilled in the management and motivation of staff
- hold The Institute of Bankers qualification

It is unlikely that applicants under the age of 40 will have the required experience.

Applications in writing, enclosing a full curriculum vitae, including details of present remuneration, should be sent to:
**H. B. Nichol, Personnel Controller, TSB England & Wales, Administration Centre, 100 Lower Thames Street, London EC3R 6AQ.**
*to arrive not later than Friday 11th July 1986.*

TSB BANK

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£41 per Single Column Centimetre and £12 per line. Premium positions will be charged £49 per Single Column Centimetre

*For further information call:*

**Louise Hunter 01-248 4864**

**Jane Liversidge 01-248 5205**

**Daniel Berry 01-248 4782**

# Technology Analyst

In order to expand our successful US equity research team, we seek a Technology Analyst, whose main responsibility will be to follow computer hardware and software companies. This job offers sufficient scope to appeal to either an experienced analyst or a recent technology graduate. The post is based in London, but involves regular travel to the USA.

We offer an attractive remuneration package and excellent prospects, with one of the UK's largest investment banking groups.

Please write with full curriculum vitae to:–
David Clark, Kleinwort Grieveson and Co, 20 Fenchurch Street, London EC3P 3DB

**Kleinwort Grieveson and Co**

# UK Manager

## for New Zealand Investment Group

**c£30,000-50,000 London**

A significant New Zealand Investment Group with wide ranging interests in equity investment, manufacturing, trading and commercial property development is shortly to commence operations in the UK.

This is a new position aimed at representing and developing the interests of the company in the United Kingdom and Europe.

A background in the financial intermediary sector, property development or similar investment/entrepreneurial activity, is necessary.

The income and benefits package is unlikely to prove a barrier and will be designed to meet individual needs. As the Managing Director will be in London during July 1986, applications setting out personal and career details should be forwarded immediately to **Paul Carvosso at Macmillan Davies Recruitment Consultants, Kingsbourne House, 229 High Holborn London WC1V 7DA or telephone him on 01-242 6633.**

*Macmillan Davies*
INTERNATIONAL SEARCH EXECUTIVE

# Corporate Affairs Manager

**Central London c £30 – 35,000 + car**

This listed international group of companies has undergone major growth through recent acquisitions. Reporting to the Corporate Affairs Director, they now require a young accountant or lawyer as part of a small, professional corporate team to manage future growth.

This interesting role will be both varied and challenging. Responsibilities will include analysis of proposed acquisitions and market influences, review of contracts and Stock Exchange liaison.

To fulfil this role you will be in your late 20's probably either a qualified Chartered Accountant or lawyer and have some experience of corporate affairs work. You should be familiar with the procedures of the Stock Exchange and also ideally the legal aspects of contracts. The length and depth of your previous corporate affairs experience will be less important than the potential demonstrated as a tenacious high-flyer with an analytical mind, motivated towards success. Prima-donna's should not apply.

Please send full CV quoting reference MCS/6086 to Alannah Hunt
**Executive Selection Division
Price Waterhouse
Management Consultants
No.1 London Bridge
London SE1 9QL.**

*Price Waterhouse*

## HEAD DOCUMENTARY OPERATIONS

Due to internal reorganisation, we need a manager for our busy documentary department of eight staff.

An excellent salary, together with usual banking benefits will be offered to the successful candidate, who will have had several years experience in the field.

**Mr A. B. Hollins
Personnel Manager
4/7 Woodstock St
W1A 2AF**

**bank leumi בנק לאומי**

# FINANCE DIRECTOR

**City To £30,000 + Car**

Our client is a world leader in international communications and financial printing with a wide range of blue chip clients.

The requirement is for an exceptionally able and energetic Finance Director to be responsible for administration, planning, financial provision and control and systems.

The ideal candidate will be a qualified accountant aged 32-45 with demonstrable leadership qualities. Considerable experience in developing computerised management information systems and in commercial decision making are other essential requirements.

Career prospects are excellent within an expanding and profitable group.

Please reply in confidence with a comprehensive curriculum vitae including details of current remuneration and a daytime telephone number to:
D. E. SHRIBMAN.

**HUDSON SHRIBMAN**
THE COMPLETE FINANCIAL SELECTION SERVICE
Vernon House, Sicilian Avenue, London WC1A 2QH. Tel: 01-831 2323

# Print Export Sales Director

## A challenging international role

As a member of the largest and fastest growing printing, newspaper publishing and communications group in Europe, we are looking for an experienced and ambitious senior Print Sales Executive to head our export sales drive in a number of European countries.

We have just completed an investment programme of some $250m in the latest gravure and web-offset presses, computer typesetting and electronic pre-press facilities (including the successful launch of colour laser gravure origination).

You will have a full understanding of current printing technology; additionally, you will have either top-level experience in selling long run gravure and web-offset or possibly a background of senior production management in leading publishing or mail order houses.

We are looking for someone aged about 40 who must be fluent in English, French and German. Your base of operations may be France or Germany, using one of BPCC's many offices.

After initial success, we shall expect you to recruit more sales representatives to expand our overseas business.

We will reward the successful applicant with an excellent remuneration package including a company car and good pension arrangements.

Apply in writing to, or telephone, Clive Bradly, Director, BPCC Printing Corporation plc, PO Box 283, 33 Holborn, London EC1N 2NE. Tel: 01-822 2345.

The British Printing & Communication Corporation plc

# Manager

## Corporate Reporting
## To circa £20,000 + Car + Bonus

Bowring is the UK insurance broking subsidiary of the world's leading insurance broking group, Marsh & McLennan Companies, Inc.

Joining a small central management team, the Manager of Corporate Reporting will be responsible for the preparation of Bowring's consolidated financial reporting activity for submission to both UK central management and to the US. This will include the preparation of monthly management accounts, management reports, analyses, budgets, cash flow projections and the Group's UK statutory accounts.

Candidates should be qualified accountants, aged between 26 and 29 with good communications skills. Experience with micro and mainframe computer systems would be an advantage.

Please apply enclosing a detailed c.v. including salary history, and a daytime telephone number to: Miss Jenny Massey, Recruitment Manager, C. T. Bowring & Co. Ltd., Bowring Building, Tower Place, London EC3P 3BE. Tel. 01-283 3100 Ext. 2105.

**Bowring**
*A member of Marsh & McLennan Companies, Inc.*

# LAWYER

Finland's largest company wishes to recruit a young lawyer with 3/5 years of commercial experience since qualification to work in their small but rapidly expanding London office.

The successful applicant will be involved in a wide range of commercial contracts, primarily in oil exploration, and trading. Neste's activities extend from oil exploration to petrochemicals, and also include shipping, coal trading and battery manufacture. The post will involve some international travel.

An attractive remuneration package is offered.

Applicants should write, in confidence, with full CV to:

The U.K. Representative,
Neste Oy,
30 Charles II Street,
London SW1Y 4AE

**NESTE OY**

## Jonathan Wren

### MANAGER – GLOBAL CUSTODY
### £negotiable

A unique opportunity has been created with a highly respectable North American institution who propose to expand its global custodian service by opening an office in London.

To fill this important and demanding role they seek an experienced professional securities specialist. The incumbent will clearly demonstrate a successful career in international securities, with the last 5 years being spent in a senior position. The ability to recruit and manage staff is a pre-requisite, together with a creative flair to develop new products and concepts. Contact Richard Meredith.

**All applications will be treated in strict confidence.**

SYDNEY **Jonathan Wren** HONG KONG
Recruitment Consultants
170 Bishopsgate, London EC2M 4LX. Tel: 01-623 1266

ACCOUNTING SPECIALISTS

See page 10 for the ultimate challenge

# Unit Trust?

**tfi The Finance Index**
Financial Recruitment Consultants
11 Palmer Street London SW1H 0AB
Tel: 01-222 5169/1181

# Senior Credit Analyst

c.£25,000 City

Our client, a leading International Bank, is expanding its treasury, foreign exchange and securities lending activities. This growth requires the addition of an experienced international credit analyst to support the marketing and product groups. Reporting to the Senior Credit Officer, responsibilities will include the completion of credit proposals and legal documentation with customer contact as may be required. There is significant scope for career development within the credit or marketing areas.

The successful applicant, based in London, should be a graduate with credit-related experience. US bank credit training is essential. A highly competitive compensation package will be offered.

**Confidential Reply Service:** Please write with full CV quoting reference 2042/RS on your envelope, listing separately any company to whom you do not wish your details to be sent. CV's will be forwarded directly to our client who will conduct the interviews. Charles Barker Recruitment Limited, 30 Farringdon Street, London EC4A 4EA.

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# DEALING

## MONEY MARKETS TRADERS
### at both senior management and junior level to £40,000

We are retained by a number of banks, strengthening their market position in the new types of secondary market instruments. If your background is in deposits or futures trading and you need to broaden your product knowledge then at least 2 of these organisations offer comprehensive involvement in a very active book.

*Contact: Joanna Davies*

## SENIOR SPOT DEALER
### To £30,000 + dealing bonus

A major International bank requires a young Spot Trader with about 2 years' experience to step up into a senior dealing role, controlling one of the major Eurocurrencies. This is a particularly good opportunity to join a bank which trades with large limits and encourages initiative and ability in dealers.

*Contact: Joanna Davies.*

## SENIOR/CHIEF DEALER
### Working in Minor Currencies Salary highly neg.

Our client is one of the major players in treasury in London – it seeks to broaden its penetration in non major currencies, by appointing proven market-makers to senior positions. They are prepared to consider candidates operating as senior dealers in smaller organisations who would prefer to work in a large room – of particular interest are dealers with knowledge of exotics, ECU, and Scandinavian currencies. The salary package is highly competitive and the atmosphere is both aggresive and forward thinking.

*Contact: Kevin Byrne.*

## EURONOTE TRADER
### Highly Neg. c.£50,000 + bonus

Our client is a major force in the origination, trading and distribution of Euro-commercial paper on a global basis. They wish to search out a strong agressive short-date trader, ideally with experience of Euronotes, but certainly with knowledge of C.D.'s and/or F.R.N.'s, and the ability to use hedging instruments to maximum advantage. He/she must be able both to control and motivate the dealing team, and also develop an excellent rapport, from a pricing and placing standpoint, with those involved in the marketing effort. Salary will not be a limiting factor for a strong player.

*Contact: Kevin Byrne.*

# INVESTMENT BANKING

## INVESTMENT MARKETING
### to £30,000

Our client, a leading international securities house, wishes to appoint Executives with experience of marketing investment services to Pension Fund Managers/Financial Institutions etc. Candidates will be graduates aged under 35 years and ideally have gained similar experience with either a financial institution or stockbroker. An attractive salary to the level indicated above will be offered according to experience, and will carry the usual range of executive benefits.

*Contact: Leslie Squires.*

## FUND MANAGER U.K. EQUITIES

Our client is a major international financial institution. This appointment involves sole responsibility for U.K. equity investment within a highly professional team handling very substantial institutional funds. We should like to hear from candidates who have around two years' investment management experience specialising in U.K. equities, and can demonstrate a good performance track record over that period. For an ambitious individual with good communication skills, this appointment offers above average scope and a comprehensive remuneration package.

*Contact: Ken Anderson.*

## YOUNG U.S. BANKER
### From Commercial Banking to Corporate Finance c.£25,000

Our client has formed a corporate finance marketing group to spearhead the only nations effort of merchant banking and capital markets activities. This is an active marketing role across a broad range of multinational clients with probable product specialisation in Eurocommercial paper and swaps. The position is ideal for a young U.S. credit trained banker who wants total exposure to modern investment banking markets. Career prospects are excellent.

*Contact: Kevin Byrne.*

## FUND MANAGER - FIXED INCOME
### To £30,000

This British merchant bank is a frontrunner in the field of international funds management. This new position will appeal to young investment professionals with upwards of a year's fund management experience. Directly involved in investing substantial institutional funds in bonds and gilts and making group policy decisions, candidates will need to be highly motivated to succeed in this fast paced career with one of the City's most exciting institutions.

*Contact: Felicity Hother.*

*Anderson, Squires Ltd., Bank Recruitment Specialists*
*127 Cheapside, London EC2V 6BU*

**01-588 6644** Anderson, Squires

## FINANCE AND ADMINISTRATION MANAGER EUROPEAN CUSTOMER SUPPORT OPERATIONS
### (SWINDON BASED)

intel

Intel's Customer Support Operations (C.S.O.), headquartered in Swindon, gives customers across Europe access to the most effective ways of using our products, minimising development time and investment cost.

Its three main operating areas – Consultancy, Training and Product Support – combine into one major revenue earning body.

The requirement is for a FINANCE AND ADMINISTRATION MANAGER, with dual accountability to the head of CSO in Europe and to the European Financial Controller for:

★ Operational support and Management Information Services, together with Business Systems planning.
★ Inventory control, budgeting and forecasting.
★ Controlling business reporting indicators and accounting across 15 legal entities in Europe for C.S.O.

Candidates should be ACA qualified with about 8 years' direct experience in a similar Customer Support environment at European level. A knowledge of U.S. GAAP procedures and U.S. accounting requirements would be highly desirable. An ability to contribute strongly to our future business direction and decisions will be required.

The benefits package includes a highly competitive salary, car, private medical cover, free life and business travel insurance, relocation assistance and pension arrangements.

**For an informal discussion, please call Ray Withey on Swindon (0793) 696000 or send a full C.V. to: Human Resources Department, Intel Corporation, Pipers Way, SWINDON, Wiltshire. SN3 1RJ.**

Personnel Department, Intel Corporation (UK) Ltd., Pipers Way, Swindon, Wiltshire. SN3 1RJ Tel. Swindon (0793) 696000

# Compensation & Benefits

## How do you reward someone with the capability to make millions in minutes....

**c. £30K + car + benefits** **City**

If you are sufficiently creative to solve this problem and have the ability to gain top management support for your innovative approach, then you are as crucial to the business as the person above.

As one of the world's top ranking global financial services companies, operating in markets from Tokyo to New York to London, my client is at the forefront in developing and exploiting the initiatives that are revolutionising the financial world. They recognise that key to their success, both now and for the future, is the acquisition and retention of world class people; the kernel of any leading services business.

Reporting to the Director of Personnel, the Compensation & Benefits Manager will be accountable for developing the necessary approaches to ensure a competitive edge for the company's reward policies. Covering the UK and Continental Europe, the job is a head of function role with a team of specialists to ensure effective implementation.

You will have extensive knowledge of international compensation and benefits practices with substantial experience in a multinational company environment. What sets you apart is your ability to be both innovative within the confines of company policy and, where necessary, to carry your argument such that policies are amended.

Salary and benefits in this post will be no bar to the right person. Write with C.V. and salary details, quoting reference MD1048, to Murray Fraser, Macmillan Davies, The Old Vaults, Parliament Square, Hertford, Herts., SG14 1PU. Telephone: (0992) 552552.

*Macmillan Davies*
PERSONNEL SEARCH

# Senior Salesperson

## Financial Futures

## £ Highly Competitive

A powerful and prestigious international bank with a major presence in futures and options seeks to appoint a key individual to manage the broking operation.

Ideally in their late 20's, candidates must have an extensive knowledge of all aspects of financial futures and come from a broking or trading background. At least four years' experience in this area is essential as is the energy and enthusiasm to direct and co-ordinate the expansion of the operation.

The successful applicant will be a highly motivated, decisive and creative individual with the ability to strengthen and lead the rest of the team.

This is regarded as a key appointment and will be rewarded accordingly.

In the first instance please contact Victoria Ward Krickic at Michael Page City, on 01-404 5751 or write to her at 39-41 Parker Street, London WC2B 5LH.

MP
**Michael Page City**
International Recruitment Consultants – London Brussels New York Sydney
A member of the Addison Page PLC group

## DIRECTOR — TREASURY MANAGEMENT

D C Gardner & Company are a corporate banking consultancy who specialise in the field of training and human resource development. The firm, operating from prestige offices in the City, has a client base of over 130 major banks and regularly undertakes overseas assignments.

An experienced treasury management specialist is now sought to join the firm at a senior level to undertake treasury management, consulting and training assignments. Candidates, male or female, will either be working as a corporate treasurer or within a treasury/capital markets area of a leading bank. A good working knowledge of treasury and capital markets instruments such as swaps, futures and options is essential. Salary and benefits are negotiable, but anyone earning less than £25,000 p.a. is unlikely to have the experience and qualifications required to fill the position.

**Please write initially, enclosing a detailed cv, to:**

**Mark Allsup**
**Director**
**D C GARDNER & COMPANY LTD**
**8-9 New Street, London EC2M 4TP**

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**Louise Hunter**
**01-248 4864**

**Jane Liversidge**
**01-248 5205**

**Daniel Berry**
**01-248 4782**

South Coast Computer Services Group seeks

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To reorganise and computerise the accounts department (HP3000 installed) whilst also preparing the Company for Public Quotation.

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Although not necessarily from the computer industry the candidate must have an accounting computer background.

Write in first instance with full CV to:
The Chairman
Eurolink Computer Group Limited
Head Office: Blenheim House
56 Old Steine, Brighton BN1 1NH

EUROLINK GROUP LIMITED

# Economists

A leading UK Bank has vacancies for two Economists to join its economics team based in the City of London as Research Officer and Senior Research Officer.

Applicants will have good Degrees in Economics, and at least 3-4 years' experience as business economists. They will be familiar with the usage of computers and will have proven ability in writing and communication. The successful candidates will be expected to work independently, exercise initiative and meet tight deadlines. The person appointed to the post of Senior Research Officer will have greater experience and responsibility, and his/her duties will include supervising more junior members of staff.

The work will involve analysing economic and financial information, preparing reports, and participating in research projects covering a wide range of economic subjects such as: interest rates, exchange rates, money supply, world trade, energy, commodities and country risk assessment.

The successful candidate will be offered salaries in the region of £13,000 to £17,000 per annum for the position of Research Officer, and £17,000 to £21,000 per annum for the position of Senior Research Officer. Both positions provide challenging opportunities for gaining wider experience, and offer good prospects for advancement in the longer term.

All applications will be treated in strict confidence.

**In the first instance please apply in writing stating experience, qualifications, present position and salary to Box Number A0182, Financial Times, 10 Cannon Street, London EC4P 4BY.**

# SPOT FX DEALER

COMMERZBANK, London Branch, is seeking applications from experienced Foreign Exchange Dealers to join the Bank's expanding Spot Team.

Ideal candidates, aged between 25 and 30, will have received training in the dealing room of an active market maker and be used to developing their own ideas and markets.

A most competitive salary will be offered to the right person, based on age and market experience, and our excellent benefits package is wholly in keeping with our position as one of Europe's leading Banks.

Please apply in confidence, enclosing a detailed C.V., to The Personnel Manager, Commerzbank AG, London Branch, P.O. Box 286, 10-11 Austin Friars, London, EC2P 2JD.

**COMMERZBANK**

# Leasing & Asset Finance Specialist

## to £18,000 p.a.

Our client, a leading UK Bank, is significantly increasing its involvement in the direct financing of assets, both in the corporate and public sector. As a result, a key vacancy has arisen for an analyst, reporting to the Leasing and Asset Finance Manager.

Candidates, aged 25-30, will be graduates and preferably holders of an AIB, with a minimum of 2 years' experience of lease analysis. Responsibilities will include the evaluation, preparation and submission of quotations and the subsequent negotiation, structuring and documentation of transactions in the medium ticket range (average £2-3m). Applicants will also become involved in some of the bank's funding and lending activities to financial institutions. An in-depth knowledge of computer based evaluation systems is a prerequisite.

Those interested should contact Andrew Stewart on 01-404 5751 or write to him, enclosing a comprehensive curriculum vitae, at 39-41 Parker Street, London WC2B 5LH, quoting ref. 3648.

MP

Michael Page City

International Recruitment Consultants–London Brussels New York Sydney

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# CJA

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CITY

£20,000–£25,000 + CAR

FAST EXPANDING CORPORATE LOANS DIVISION OF MAJOR BRITISH BANKING GROUP

*For this appointment, due to expansion, we seek corporate loans executives*, aged 28-35, with not less than five years experience in bank corporate lending. This must include at least two years in a successful field new business development role involving the identification of potential prospects, credit analysis and assessment, term loan structuring and the closure of sound and profitable deals. A knowledge of the requirements of the property or construction sectors is desirable and established contacts in this field will be an asset. Reporting to a *Regional Manager but with a large measure of autonomy, the successful candidate* will be responsible for pioneering new growth and the total mangement of a client portfolio with increasing involvement in the overall control of the region. Essential qualities are an analytical mind, a positive and imaginative approach, presentation and negotiating skills together with the ability to achieve targets with the minimum of direction and supervision. Initial salary negotiable £20,000 – £25,000, car, mortgage facility, non-contributory pension, life assurance and assistance with relocation, if necessary. Applications in strict confidence *under* reference NBE 4426/FT to the Managing Director: **C.J.A.**

A career appointment offering significant promotion prospects within the *Corporate Planning* Group or in General Financial Management in 2-3 years.

## FINANCIAL AND STRATEGIC ANALYST – PETROCHEMICALS

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BERKSHIRE

£16,000–£18,000

CORPORATE HEADQUARTERS OF MAJOR EXPANDING EUROPEAN PETROCHEMICAL MANUFACTURER – SUBSIDIARY OF LEADING US ENERGY CORPORATION

This new appointment, the result of expansion, calls for Honours graduates in a numerate discipline or qualified accountants, aged 24-28. We require a minimum of 2 years experience in the financial and business analysis *function within a major corporation* using advanced investigative techniques, incorporating micro-computer modelling. A background in the petrochemical industry and an understanding of modern accounting practices are desirable together with a knowledge of French. The successful candidate, as a member of a small team, will be responsible to the Manager, Planning and Evaluation, for the analysis of business proposals and comment thereon, budgeting and planning, strategic, financial and market studies, *including acquisitions, plus the control of major* capital expenditure. Key to the success of this appointment are an enquiring, analytical and constructive approach, presentation skills and the ability to perform with the minimum of direction and supervision. Applications, in strict confidence, under reference FSA 4427/FT to the Managing Director: **C.J.A.**

35 NEW BROAD STREET, LONDON EC2M 1NH. TELEPHONE: 01-588 3588 or 01-588 3576. TELEX: 887374. FAX: 01-256 8501.

ORGANISATIONS REQUIRING ASSISTANCE ON RECRUITMENT PLEASE TELEPHONE: 01-628 7939.

# STERLING TREASURY BILL C. D. TRADERS

Prestigious UK Stockbroker, active worldwide and backed by the resources of a leading International Banking organisation, is seeking to expand its money market activities. Candidates should have a minimum of two years' experience in a trading environment and will be given considerable autonomy to develop a profitable trading operation.

High performance is required and to attract and reward successful candidates, an extremely competitive salary with bonus scheme and other fringe benefits is offered.

**DEPOSIT DEALER** SALARY £15-20,000

A major international bank requires a Deposit Dealer with a minimum of 6 months' experience to join and assist in the expansion of its dealing room.

**SPOT DEALER** SALARY £25-30,000

A Spot Dealer with a minimum of 3 years' experience dealing in major currencies is required for a major international trading bank.

Age 25-30.

**RESEARCH ANALYST** SALARY C. £15,000

An International Investment Group seeks a Research Analyst to work alongside the *Fund Manager*. Experience in the bond market with a graduate/good education represents the ideal candidate profile.

For further details please telephone Catherine Virr on 01-621 1942 or *write to her at* 18 Rood Lane, London EC3M 8AP. All inquiries will be treated with strict confidentiality.

**Brunel Banking Appointments**

# CITY EXECUTIVE JOB SEARCH

Are you earning more than £25,000 p.a. and wondering how to position yourself to take advantage of the opportunities offered by

*THE BIG BANG?*

Connaught's discreet and successful Executive Marketing Programme provides professional excellence in helping you to identify those unadvertised vacancies.

Contact our *City Division for a free confidential meeting* or telephone Richard Coote.

32 Savile Row, London, W1

Connaught

01-734 3879 (24 hours)

The Executive Job Search Professionals

# CORPORATE BANKING ACCOUNT OFFICER

A leading North American Bank offering a wide range of services and with a significant UK presence is seeking an experienced Account Officer for its Corporate Banking Group in London.

Candidates will be expected to demonstrate good communication and analytical skills, a high level of motivation and team orientation and the ability to maintain and develop profitable account relationships with a broad spectrum of treasury, capital markets, credit and non-credit services to UK corporations in a highly competitive and evolving environment.

It is envisaged that within 1-2 years the successful candidate will assume full responsibility as Relationship Manager for a portfolio of major accounts and prospects and will have the capacity and drive to make a significant contribution to the organisation. A strong academic and professional background is required.

This position carries an attractive compensation and benefits package and is likely to attract those currently earning in the £16,000–£19,000 range.

**Please send a detailed CV in confidence to:**

**JPW Recruitment Advertising Ltd**
**Ludgate House**
**107 Fleet Street**
**London EC4A 2AB**

JPW
*Recruitment Advertising*

# UNIT TRUST EXECUTIVE

Manchester, the North and Scotland

We are a rapidly expanding subsidiary of one of Britain's major insurance companies. Our unit trusts score regular high placings in the performance tables, and in 1985 we were a leading contender for the Observer 'Small Unit Trust Group of the Year' Award.

Our plans for further expansion in the unit trust industry have resulted in an opportunity for an experienced investment executive to actively promote our range of unit trusts to stockbrokers and unit trust advisers throughout the North of England and Scotland.

Essential qualities are a first class appreciation of the investment scene, an outgoing personality, strong personal motivation and a commitment to a high level of professionalism in contacts with advisers.

The remuneration package is very competitive and includes a salary in the range £14,000 to £21,000, depending on experience and proven ability, a substantial performance bonus, a company car, a subsidised mortgage and a non-contributory pension.

Please write in confidence, with details of qualifications and experience, to Roger Harwood, Unit Trust Manager, The Royal London Unit Trust Managers Limited, Royal London House, Middleborough, Colchester, Essex, CO1 1RA.

THE ROYAL LONDON
UNIT TRUST MANAGERS LIMITED

# CORPORATE FINANCE EXECUTIVES

We are currently recruiting on behalf of a number of UK Merchant Banks who are looking to develop and expand their Corporate Finance Departments.

They provide general financial services leading to money raising, re-financing, mergers, acquisitions and disposals for clients who include many of the best known names in British industry and commerce.

The ideal candidate will be a high calibre graduate aged 24-28, with ACA or legal qualifications gained within a City firm, or be a banker with some experience of mergers/acquisitions or new issues work.

Promotion will be rapid and salary competitive for the individual who is confident, articulate and capable of taking the initiative.

Please ring or send cv to Sara Bonsey.

**All replies will be treated in strict confidence.**

18, Eldon Street, Moorgate, London EC2M 7LA. Tel: 01-588 4224

CAPITAL FUTURES
RECRUITMENT CONSULTANTS

# Hoggett Bowers

*Executive Search and Selection Consultants*

BIRMINGHAM, CARDIFF, GLASGOW, LEEDS, LONDON, MANCHESTER, NEWCASTLE, SHEFFIELD and WINDSOR

## *Stockbroking*

***North Yorkshire***

***c. £30,000, Bonus potential***

A successful young stockbroking firm seeks a high calibre achiever to lead a small, dynamic team, in the further development of its research and new business department. This is a key position, and will require an individual, probably 35—50, with great personal drive and flair, backed by sound commercial and business acumen. The opportunity would be particularly suitable for a qualified Accountant, business graduate, or similar, with good selling and analytical skills, plus the ability to get on well with people. You may well have worked in merchant banking, stockbroking, accountancy or the legal profession. You must be a self starter, with the presence to relate well at very senior level, and the determination to provide positive and vigorous leadership in developing both the department and generation of new business. A most attractive compensation package including excellent career prospects is available in this particularly pleasant part of the United Kingdom.

Male or female candidates should submit in confidence a comprehensive C.V. or telephone for a *Personal History Form* to *J.A. Thomas*, Hoggett Bowers plc, *7 Lisbon Square, LEEDS, LS1 4LZ*, 0532 448661, quoting *Ref: 14070/FT.*

# MONEY MARKET INSTRUMENT TRADER

As a leading primary dealer in the new Gilt-edged market, Hoare Govett is expanding its activities in the Sterling money markets.

We are looking for a trader in c.d.s/bills who at present is actively involved in trading cash money market instruments for a bank.

The successful candidate will join a small professional team supported by the very best systems and client base. The position offers the opportunity to participate in the formation of a money market function and the remuneration and prospects reflect this excellent opportunity.

Telephone David Porter or Rodney Barker on 01-404 0344 or write in complete confidence to:

*Hoare Govett Limited, Heron House,*
*319-325 High Holborn, London WC1V 7PB.*

LONDON NEW YORK SINGAPORE HONG KONG TOKYO MELBOURNE CHANNEL ISLANDS

HOARE GOVETT

# PORTMAN

BANKING

## EXPORT FINANCE

### EXECUTIVES TO £17,000

Our client, a leading Merchant Bank requires two executives *both of whom must* be prepared to travel overseas, and who are in possession of the following experience and qualifications.

(i) Approx 3 years' previous banking experience, including Export finance and ECGD.

(ii) Approx 1 year's general banking experience and training.

The successful candidates will be graduates who are looking to improve and further their careers within a progressive financial institution.

For further details, please telephone Carole Stevens or Sandie Robinson on 01-236 1113.

Portman Recruitment Services Limited

Tel: 01-236 1113

# Pensions Administration

Racal Group Services Limited provides a range of professional technical and specialist services to the highly successful *Racal Electronics Group. The Pensions* Department which is based in Bracknell, Berkshire is looking to recruit a Pensions Administration Manager.

The individual appointed will report to the Assistant Company Secretary and will control the Group's Pensions Schemes. He/She will work closely with the Group's professional advisors in dealing with all aspects of administration of the schemes, including: benefit calculation, investments and accounting.

The position is both challenging and demanding and will involve working in a busy friendly team who are responsible for pension schemes involving 20,000 employees within the United Kingdom.

The person we are looking for will probably be PMI qualified and/or have *5 years' relevant experience. Above all* drive, enthusiasm and the ability to communicate effectively at all levels is essential.

In return Racal offers a competitive salary which will reflect experience and ability. Other conditions of employment include: a contributory Pension scheme and 27 *days'* annual leave.

If you are interested in this vacancy and feel that you can meet our requirements, please apply in writing enclosing brief career details and present salary to:-

**Mr A J Franklin, Personnel Executive,**
**Racal Group Services Limited,**
***Western Road, Bracknell,***
**Berkshire RG12 1RG.**

RACAL

World leaders in electronics

# SWAPS

## Your Chance to Enter International Treasury

A prestigious commercial bank, geared up to offer a total complement of financial services worldwide, is expanding its operations in the Swaps market and has created this position in London as a key role for development in its treasury division.

As an integral part of a small and dedicated team, you will assist in procuring and administering interest rate/currency Swaps. You will also be responsible for supplying market research in this area, drafting all Swaps agreements and *contributing to innovation in treasury* products.

A graduate aged 23-28, you are keen to enter the Swaps market from a general banking background and have at least 2 years' banking experience, which may include a knowledge of Swaps. You are numerate, accurate and attracted by the idea of developing your career within a growing team and by the challenge of helping an international organisation develop its expertise.

Remuneration is competitive and includes excellent banking benefits. To apply, please telephone or write, in complete confidence, to Matthew Wright of Cripps, Sears & Associates Limited, Personnel Management Consultants, International Buildings, 71 Kingsway, London WC2B 6ST. Telephone: 01-404 5701.

Cripps, Sears

# Appointments Advertising

£41 per Single Column Centimetre and £12 per line

Premium positions will be charged £49 per Single Column Centimetre

*For further information call:*

Louise Hunter 01-248 4864

Jane Liversidge 01-248 5205

Daniel Berry 01-248 4782

# Securities Trading

J.P. Morgan, the institutional investment management arm of one of the world's major corporate banks, is seeking two experienced people to join a small, friendly and highly professional team within their Securities Trading Department—

## FIXED INTEREST TRADER

To trade in US$ Eurobonds, US Treasury Bonds and Fixed Interest Securities around the world. You should have a minimum of two years' experience of Fixed Interest Trading.

## EQUITY TRADER

An excellent opportunity to expand your experience in around-the-world trading. You will probably have at least three years' experience in any equity business.

A new, well-equipped trading room provides a first-class working environment. We offer competitiva salaries and 'large bank' benefits which include mortgage subsidy facilities, profit-sharing bonus, non-contributory pension and life assurance schemes, free medical insurance and a subsidised restaurant.

Please reply with a complete c.v. to Mary Thom, Personnel Manager, J.P. Morgan Investment Management Inc., 83 Pall Mall, London SW1Y 5ES.

J.P. Morgan Investment

# Finance Director (Designate)

Not less than £18,500 p.a. plus car Lake District Fringe

Our client, a well established expanding company providing varied bus and coach services throughout Cumbria, shortly plans to become privatised through a management led buyout. This planned move will pose an interesting and exciting opportunity for the company's management to continue the successful growth of the business and for its employees to participate in its ownership.

The company wishes to appoint a Finance Director Designate responsible to the Managing Director whose broad brief will be to guide the management team on all financial matters through the forthcoming privatisation playing a full part in managing business growth. Specifically the successful candidate will be expected to provide, manage and improve a full range of administrative services covering planning, accounting, costing, treasury and capital investment appraisal.

Candidates must be qualified accountants possessing technically sound skills and experience in directing the financial function, thereby contributing to the commercial success of a business in a computerised self accounting environment and personally able to demonstrate drive and commitment with an ability to manage change.

The attractive remuneration package includes a fully negotiable salary and comprehensive fringe benefits, including relocation assistance to the northern Lake District and it is anticipated the successful candidate will be appointed to the Board on privatisation.

*Please apply in confidence with details of your career, with contact telephone numbers, quoting reference 5733/FT before 11th July 1986 to: Brian Jones, Human Resources Division,*

Grant Thornton
Management Consultants

*Heron House, Albert Square, Manchester M2 5HD.*

# Assistant Manager Securities– Global Custody

Royal Trust is the U.K. banking subsidiary of one of Canada's largest financial institutions which has funds of more than CAN$ 60 billion under administration.

The continuing growth of our securities operation has created a key position for an Assistant Manager to coordinate and manage our Global Custody service.

The successful candidate will have:

* Minimum of 5 years practical experience in all aspects of a securities administration including related data processing applications
* At least 2 years experience of successful people management.
* The ability to cope under pressure and work on his/her own initiative.

It is unlikely that applicants under the age of 27 will have sufficient maturity or experience for this position.

In addition to a competitive salary we offer a range of benefits which include Mortgage Subsidy, Pension & Life Assurance, Private Medical, Season Ticket and Personal Loans, Staff Restaurant.

Please write in strict confidence with your career and salary progression details to:

**John Newman**
**Associate Director**
**The Royal Trust**
**Company of Canada**
**48-50 Cannon Street**
**London, EC4N 6LD.**

ROYAL TRUST

Harrison & Willis

# PA TO CHAIRMAN

**LONDON W1 From £18,000 + Car**

Our client is a well known Public Company Chairman who wishes to recruit a young Chartered Accountant to act as his personal Financial Assistant.

The appointment is based at the group headquarters in Central London and will involve assisting the Chairman, who maintains a high business profile, with a wide variety of interests.

You will be a Graduate and Chartered Accountant aged 25-27, having trained with one of the large professional firms, and you will be able to demonstrate strong commercial awareness together with a background of achievement, drive, initiative and flexibility. Tax experience will be an advantage.

The post offers a unique opportunity to candidates wishing to leave the profession to join a growing organisation providing very strong prospects of a rewarding career in business.

For further details of this position please contact: **Graham Palfery-Smith** on **01-629 4463** during office hours. Alternatively **01-697 6811** in the evenings or at weekends.

HARRISON & WILLIS LIMITED, CARDINAL HOUSE, 39-40 ALBEMARLE ST., LONDON W1X 3FD. TELEPHONE: 01-629 4463.

# Treasury Dealers

HOLBORN, LONDON

British Gas wishes to appoint two dealers in its Treasurer's Department.

## - Sterling Dealer

to assist in managing the Corporation's substantial position in the wholesale money markets.

## - Foreign Exchange Dealer

to be responsible for managing all its foreign currency positions.

These appointments offer the opportunity to join a forward looking and commercially orientated Treasury department whose range of activities is likely to expand over the next few years.

The successful applicants are likely to have obtained several years experience of active dealing in a financial institution or major company. The preferred age range is 25-35 and a degree or professional qualification, although not essential, is highly desirable.

Salary and other benefits are those normally expected of a large progressive organisation, including assistance with relocation expenses where appropriate.

To apply, please write with full career details, and quoting reference FIN/00050/002 to: The Senior Personnel Officer, British Gas, 59 Bryanston Street, London W1A 2AZ.

An equal opportunities employer.

British Gas

c.£35,000 p.a. + car and benefits including share options

# FINANCIAL DIRECTOR

LONDON W1

VITARI

A commercially minded Graduate FCA/ACA, aged 30-40, with at least eight years proven experience, with the ability to take total control of the company's financial operations. Will have good City connections, the ability to negotiate with banks and to handle the anticipated flotation of the company. Will become a member of a small, but highly professional, management team.

An outstanding opportunity to be involved in the launch and development in Europe and the Middle East of VITARI, the revolutionary new American frozen fruit dessert. Remuneration comprises salary plus performance bonus. Excellent fringe benefits include share options, contributory pension, company car, medical/life cover.

Applications in writing, enclosing current CV, to: Arden C. McClelland, Managing Director, Yodolo (UK) Ltd., 28 Brook Street, London W1.

# Chief Accountant

**City** **£25,000 + banking benefits**

Our client, a large German bank, is seeking a Chief Accountant for its London branch. The branch is currently expanding rapidly and wishes to strengthen its management team.

Reporting to the Operations Manager, the Chief Accountant will supervise a small team and will manage the branch accounting function. Main responsibilities will encompass the production of annual balance sheets, profit and loss accounts, and regular management reports. Foreign exchange valuation, taxation and financial planning will also be included in the role.

This opportunity will appeal to a young, qualified accountant who has already gained some experience in a financial institution, preferably a bank, and is now keen to expand his or her responsibilities. Knowledge of German is essential.

Candidates should have excellent verbal and written communicative skills, be adaptable and able to combine an attention to detail with a creative approach to problem solving. The remuneration package includes basic salary and particularly generous banking benefits.

*Please reply in confidence, enclosing career details and quoting reference 7048/L to Claire-Marine Francois-Poncet, Executive Selection Division, Peat, Marwick, Mitchell & Co., 165 Queen Victoria Street, Blackfriars, London EC4V 3PD.*

PEAT MARWICK

# WEST MIDLANDS ENTERPRISE BOARD LIMITED

**Venture & Development Capital**
**Investment Executive**

**Age: 26/35** **£15-17,000**

The West Midlands Enterprise Board is a local authority controlled regional development agency providing investment finance, training, technical advice and other facilities for expanding businesses in the West Midlands region.

The Board provides equity and long term loan capital for developing unquoted businesses and in addition to investing its own funds, WMEB is a joint manager with Lazard Securities Limited of the £5m West Midlands Regional Unit Trust.

The Board wishes to recruit a new Investment Executive, to work on his/her own initiative, as a member of a team of six executives, reporting to the Deputy Chief Executive — Investment.

The new executive will be responsible for appraising investment proposals coming to the Board, negotiating appropriate financial packages, making recommendations on new investments to the Directors of the Board, and supervising legal implementation of approved investments. He/she will also have responsibility for post-investment management of part of the total portfolio.

In addition to a university degree or professional accountancy qualification candidates will be expected to have at least 2/3 years' industrial, merchant banking, venture capital, or post-qualification professional experience. Sound judgment of people and commercial opportunities is an essential quality for the work, also a keen interest in assisting the successful development of business through an interventionist and publicly accountable development agency.

The Board has an attractive pension scheme and car loan package, and can offer assistance with relocation expenses to appropriate candidates.

*Please write with full curriculum vitae to:*

**The Chief Executive,**
**West Midlands Enterprise Board Limited,**
**Wellington House,**
**31-34 Waterloo Street,**
**Birmingham, B2 5TJ.**

WMEB is an equal opportunities employer.

# TREASURY

# GILT Trader FX Dealer

Our client, a leading bank in Scotland invites applications for two new treasury positions, a Gilt Trader and a FX Dealer.

The successful applicants will have at least three years' experience, a good working knowledge of the other sectors in the sterling market and the ability to develop the necessary systems due to be incorporated within a new dealing room.

This is an ideal opportunity to join a fast moving organisation committed to extend further their activities in this important sector of the marketplace.

Salaries are negotiable and will not be a barrier to the appointment of the right people.

Please write with comprehensive curriculum vitae, in the first instance, to: R. W. Hogsden (Ref 430/FT). Lockyer, Bradshaw and Wilson Limited, 39–41 Parker Street, London WC2B 5LH indicating any companies to which your application should not be forwarded.

LBW
LOCKYER, BRADSHAW & WILSON LIMITED
A member of the Addison Page PLC Group

# Assistant Group Secretary

**Salary c.£21,000 + car + benefits**

**Ipswich**

Fisons is a major international group operating in the pharmaceutical, scientific equipment and horticulture business sectors.

The Group has shown excellent growth in recent years both organically and by acquisition, particularly overseas. Accordingly, the Group Secretary wishes to strengthen his Secretarial team by the appointment of an Assistant Group Secretary.

The successful applicant will be a chartered secretary with demonstrable experience within the Secretarial Department of a public quoted company. Probably aged between 25 and 35, the appointee will be expected to make a significant contribution to the work of the Department, which is subject to considerable pressure and involvement. The successful applicant requires the ability to gain the respect and co-operation of people at all levels within the Group.

The salary is negotiable and the benefits include a quality car, medical cover, a contributory pension scheme, and relocation if appropriate.

If this challenging opportunity interests you, please send your career and current salary details to Mr. B. C. Barrett, Personnel Services Manager, Fisons plc, Fison House, Princes Street, Ipswich, Suffolk IP1 1QH. Alternatively, you may telephone him on Ipswich (0473) 56721 for further information or an informal discussion.

FISONS Group Headquarters

# Director Management Consultancy

**Nottingham** **Negotiable Salary + Car**

The continued growth of our management consultancy activities on a regional basis has created the opportunity for this appointment. The Director's main responsibilities will be to market, sell and direct the consultancy practice, through the existing client base, and the development of new business in the East Midlands region.

The successful candidate will probably be a graduate and qualified accountant, aged 30-45, with a minimum of 5 years consultancy experience, including the management of assignments, preferably gained in a major consultancy practice.

A pre-requisite for success will be the ability to produce positive results by personal initiative.

Please write in confidence, enclosing a concise curriculum vitae, including full salary details, and quoting reference 6481 to:

**Peter Childs**
**Pannell Kerr Forster Associates**
**New Garden House**
**78 Hatton Garden**
**London EC1N 8JA**

Pannell Kerr Forster Associates
MANAGEMENT CONSULTANTS

# GILTS AND FUTURES MANAGER

Our client, a well regarded British Merchant Bank, is looking for a Manager to head its Gilts and Futures Trading Department.

The successful applicant will be expected to lead a small team dealing in Gilts, Sterling Futures and Options. He or she should be prepared to set up a new Capital Market team.

The remuneration package contains a full range of benefits including car, mortgage subsidy etc.

Please apply in confidence to Stuart Glass;

**IAN WILLIS ASSOCIATES LTD.**
Executive Selection Consultants
16 Regency Street, London SW1P 4DB.
Tel: 01-821 6543.

*Key financial, administrative, business support role*

# Commercial Management

**c£20,000 + car + benefits** **London area**

A leading $1.2 billion US manufacturer of high technology equipment is continuing to expand its successful UK operations with a policy of regionalising its sales and support functions.

An exciting opportunity has emerged for a high calibre individual with a business related degree or accountancy background to take up a new role as Regional Support Manager based in the London area. The role will provide dedicated financial, administrative and commercial/business support to sales, systems engineering and customer service management. In a truly "dynamic" environment, day to day problem solving, performance analysis and advice on business deals are the key tasks as a central member of the management team.

Aged 28-35 you will have had at least five year's business experience in an administrative/financial function, in a computerised office environment. Strong commercial awareness and interpersonal skills are vital. The attractive benefits package will include relocation assistance where appropriate.

*Please send your career and current salary details to* ***Alan Brown*** *or telephone him on* ***0628 75956.***

MKA

MKA SEARCH INTERNATIONAL LTD
MKA House
King Street
Maidenhead
Berks SL6 1EF

# MANAGER - QUALITY ASSURANCE

*One of the world's most successful international investment banks, Credit Suisse First Boston are also the leading issuing house in the Euromarkets.*

*Our Operations Department is responsible for the processing and administration of all transactions across a wide range of financial products. We insist on the highest standards of accuracy under a highly pressurised environment. To maintain and indeed improve our performance in all aspects of quality assurance we require a person able and willing to accept this challenge.*

*You will probably be an outstanding honours graduate with significant experience at a major bank, securities house or commodities firm. Applications from professionally qualified persons would be welcomed.*

*The resources available to you will be substantial in terms of manpower and equipment. The results expected will reflect this. In return we undertake to offer an exceptional package with all the usual investment banking benefits together with opportunities for career progression.*

***Please send your C.V. to: Personnel Department, Credit Suisse First Boston Ltd., 22 Bishopsgate, London EC2N 4BQ.***

CSFB

## MERCHANT BANKER

WITH ENTREPRENEURIAL FLAIR SOME EXPERIENCE IN MERCHANT/ INVESTMENT BANKING

We offer responsibility and the opportunity to make a personal contribution

*Send full CV to:*
The President
MOGHUL CREDIT LTD
Moghul House
3 Upper Brook Street
London W1Y 1PA

# Corporate Finance

## Hong Kong

An unusual opportunity has arisen in Hong Kong with one of the most prestigious British securities houses. The role will initially involve a training period of approximately six months in the London merchant bank's corporate finance department, before moving to Hong Kong to join their small but well-established group, which handles mergers and acquisitions, placings and general corporate advisory work.

It is envisaged that suitable candidates will fulfil the following criteria:

- ★ Newly or recently qualified graduate ACA
- ★ Articles with a major firm of Chartered Accountants
- ★ Hong Kong National
- ★ Fluent Cantonese and written Chinese: Mandarin would be an advantage.

In addition it is essential that candidates are articulate and confident with the self-motivation to develop a successful long-term career with this international group.

In the first instance please contact **Lindsay Sugden ACA on 01-404 5751,** or write to Michael Page City, 39-41 Parker Street, London WC2B 5LH.

MP
Michael Page City
International Recruitment Consultants—London Brussels New York Sydney
A member of the Addison Page PLC group

# Director – Investment Management

# Build a New Operation

## c. £60,000 + Car + Bonus

This major international financial services organisation with offices worldwide and an impressive growth rate, is establishing an independent investment management company, based in the City. A senior Director is now sought to take responsibility for the development of the operation.

You will work closely with the Managing Director in policy making, business development and marketing strategy, as well as overseeing administrative matters. Initially, you will be involved in the management of a diverse range of portfolios, until further sector specialists and analysts are recruited. Considerable importance will be placed on your team building abilities.

Aged 35–45, you have a sound knowledge of international securities including US equities and, ideally, will be familiar with the management of a bond portfolio as part of a multi-currency fund. A skilled and persuasive communicator, you are strongly self-motivated, adaptable and capable of working effectively with a wide variety of colleagues and clients, including those overseas.

This post offers a generous salary, substantial bonus and full banking benefits. Please write with career details, in complete confidence, to Jane Comben of Cripps, Sears and Associates Limited, Personnel Management Consultants, International Buildings, 71 Kingsway, London, WC2B 6ST. Tel: 01-404 5701.

Cripps, Sears

## *Appointments Wanted*

GRADUATE BA (Hons)
London Based — Age 24
Linguist
German, French, Swedish
Stockbroking experience, seeks assistant position on sales/trading desk connected with traded options/Futures/Bonds
*Write Box A0192, Financial Times 10 Cannon St, London EC4P 4BY*

# CREDIT ANALYST

Privatbanken Limited, owing to continued expansion of its United Kingdom based business, is now seeking an additional experienced Credit Analyst to assist the bank's marketing team in maintaining the quality of its customer portfolio.

The ideal candidate should be aged between 25-30 years of age and have two to three years' experience of analysing medium and large size companies operating in the United Kingdom, together with the necessary acumen and personality to support the marketing team in the day to day management of the portfolio.

An attractive remuneration package will be available to the person selected for the post.

Applicants should write in confidence with full details of current salary and benefits to Mrs. M. S. Unwin, Personnel Officer, Privatbanken Limited, 107 Cheapside, London EC2V 6DA.

# Treasury Associate Cash Management & FX

Occidental Petroleum Corporation, a major U.S. International energy company, is seeking a Treasury Associate for its Eastern Hemisphere headquarters in London.

Age 24-32, candidates will probably be graduates, with experience in banking or finance, preferably including multi-currency computerised treasury operations.

The prime duty is foreign exchange dealing for the corporation world-wide, and requires the development of successful relations with a wide range of financial institutions.

Other duties include application of advanced techniques and instruments in corporate cash management, and associated development projects.

Working within a highly professional team, an enthusiasm for successful dealing, a talent for financial analysis, and well developed communication skills are important personal attributes.

The post offers excellent opportunities for professional development and a first class remuneration package.

Please telephone or write to
Miss Jane Cornelius,
Occidental International Oil Inc.,
16 Palace Street, London SW1E 5BQ.
Tel: (01) 828 5600.

OXY

# Manager- Loan Administration

**c. £20,000 + Car** **City Bank**

Our client, a successful and expanding City Bank is seeking to strengthen and consolidate its lending administration function which embraces all aspects of corporate lending and residential/commercial mortgage lending.

The successful candidate must have at least 10 years relevant experience gained in a City Bank and is unlikely to be under 30 years of age.

Particular experience of all aspects of security requirements relating to loan documentation and proven management skills are essential.

Usual bank benefits including mortgage subsidy.

Applications, which will be treated in confidence, should include details of career to date *and be addressed to J. D. Vine (Ref. ML/26), Vine Potterton Limited,* 152/153 Fleet Street, London EC4A 2DH. Please state separately if there are any companies which you would not wish to approach.

VINE POTTERTON
RECRUITMENT ADVERTISING

## SOUTHEND TRANSPORT LIMITED

# Financial Director/ Company Secretary

## c. £20.000 + car

For a new public transport compeny shortly to take over operation of the existing bus undertaking from the Borough Council. The company is expected to heve a turnover of eround £5m in its first full financial year. A particular feature of the business is the innovative express services to *London and Heethrow Airport, started some* years ago and which now represents a substantial element of the business. The company will initially provide engineering services for the Council's general vehicle fleet.

Reporting to the Meneging Director you will have total responsibility for the financial function and for company secretarial matters. Your first task will be co review existing financial and management accounting systems for the control and monitoring of the company's operations and, if necessary, design and implement improvements. Thereafter you will play a key role in the planning, budgeting, control and monitoring of the compeny's finences while also ecting as Company Secretary.

As a qualified accountant you must have proven experience in e controller role preferably gained in a commerciel or industrial environmenc and should be familiar with computerised accounting systems. You should have a consultative menagement style and first class interpersonal skills.

**Application forms and information from the**
**Personnel Officer**
**Telephone 0702 355115**
**Closing date for receipt of applications: 10th July 1986**

# DIVISIONAL FINANCE DIRECTOR

**West Yorkshire** **c£18,000 + car etc.**

Our client is a well established and profitable division of e large publicly quoted UK group.

Reporting to the Divisional Managing Director, the successful candidate will be responsible for the preparation of monthly management and annual statutory accounts, budgeting and forecasting. Additional responsibility will be for systems development, controlling the financial and accounting function of European subsidiaries, and the provision of input into the commercial operation and strategic direction of the business. Some knowledge of foreign exchange management would be useful.

The requirement is for a qualified accountant (ACMA, ACCA, ACA) aged 28 to 40 of above average technical ability who is prepared to offer a long term commitment to an organisation where ability and effort will be recognised with an attractive salary and benefits package. Relocation costs will be met where appropriate. Please contact Brian Daniels (Managing Director), Daniels Bates Partnership Ltd., Leeds Office, Tel: (0532) 461671, quoting ref: 86/2095FT.

Daniels Bates Partnership
PROFESSIONAL RECRUITMENT

Daniels Bates Partnership Ltd., Josephs Well, Hanover Walk, Park Lane, Leeds LS3 1AB.
Tel: (0532) 461671 (5 lines 24 hours).
Also at: Fountain Precinct, Leopold Street Wing, Sheffield S1 2GZ. Tel: (0742) 754815

## SPECIAL ASSISTANT to the Managing Director

**THE COMPANY**
Growing, diversified asset based financial services company whose ultimate parent is a major European bank. The company's business is carried out from its own offices in the City and through subsidiaries in the U.K. and abroad.

**THE POSITION**
The MD wishes to recruit a special assistant to fulfil a number of diverse but essential responsibilities. Principal duties will be:
- Ongoing monitoring, supervision and control of subsidiaries.
- Strategic planning with regards to tax, corporate structure and business activity.
- Ongoing evaluation of regulatory and tax environment in U.K. and the company's principal foreign markets.
- Internal control with particular regards to loan and security documentation, administrative procedures.
- Preparation, production and control of material in respect of shareholders, board of directors meetings, conferences, seminars, press releases, etc.

**QUALIFICATIONS**
The successful candidate will need multi-disciplinary qualifications, including legal or accountancy, knowledge of corporate procedures and company law, and experience in credit risk evaluation and international documentation. Other essential attributes include initiative, motivation, thoroughness and the ability to identify and define issues, problems and opportunities.

*Please apply in writing to Box A0184, Financial Times 10 Cannon Street, London EC4P 4BY*

# FINANCIAL PLANNING

Douglas Deakin Young, independent financial advisers, are retained by over 50 major UK companies. We provide individual financial counselling for staff at all levels and give corporate advice on a wide range of tax, pension and employee benefit problems.

Applicants in their late 20s are being sought to join our highly professional consultancy team from a background of pensions, personnel, tax, insurance or related areas. Candidates may already have previous experience in financial planning.

The salary will be around £17,500 plus car, and applicants should write in strictest confidence enclosing their curriculum vitae to:

Louise Botting, Managing Director,
DOUGLAS DEAKIN YOUNG LTD.,
7/9 St. James's Street,
London SW1A 1EE

## PK PKFINANS INTERNATIONAL LIMITED

PKfinans International Limited is a member of the PKbanken group, one of Sweden's largest commercial banks with worldwide assets of over £15 billion. Our company in the U.K. specialises in providing asset-based finance and financial services to U.K. and international customers.

We are currently looking to strengthen our Risk Asset Management team by appointing experienced professional credit people at both intermediate and senior levels. The successful candidates will need to demonstrate skills in both credit risk and asset risk evaluation.

If you have sound relevant experience gained in a similar environment and are looking to further your career objectives we would be very interested in hearing from you.

*In the first instance please provide a copy of your CV in confidence to:*
Leonard J. O'Donoghue
PKfinans International Limited
49-51 Bow Lane
London EC4M 9HB

# AUDITORS

for American bank. Graduates with minimum two years' experience within a bank or large firm of chartered accountants. Travel in Europe and Middle East. Excellent salary and benefits.

# CREDIT ANALYST

for European bank. Several years' experience are required together with the necessary attributes to move into Marketing. £18,000+.

# FX SUPERVISORS

with experience of instructions, confirmations, settlements, to *£11,500.*

# ACCOUNTANTS

*newly qualified and looking to move out of the profession.* Initially to work in Financial Control with the possibility of progression into other areas of banking. £17,000+.

**Please telephone Shelagh Arnell on 01-583 1661 or send c.v. in confidence:**
**ASB RECRUITMENT**
**50 FLEET STREET, LONDON EC4Y 1BE**

# DEALERS

We are retained by a Major Internationel Bank, who are currently re-structuring dealing operetions, in order to strengthen an already significent market presance.

Opportunities exist for high calibre individuals, with proven experience, as **SPOT, DEPOSIT, FINANCIAL FUTURES** and **CORPORATE** dealers.

Salaries are particulerly competitive, as is the full benefits package. Dealers, interested in improving their position, should call for a discreet, initial discussion.

Gordon Brown
Bank Recruitment Consultants
57/59 London Wall, London EC2M 5TP
Telephone: 01-628 4501

# Accountancy Appointments

## Young Accountant

### Investment Banking

**c£20,000 + low cost mortgage etc.**

Our client is the London based *investment banking* subsidiary of a major and highly reputable international bank. A leader in the field of international equity syndication and placement and both the primary and secondary bond markets, the bank is undergoing rapid expansion.

Acting in direct support of the bank's management, the Accountant will review transactions and procedures primarily in an audit capacity. Reporting at Executive Committee level, he or she will work closely with the Financial Director and as well as advising on operating systems and control functions in the accounting, trading and settlement areas, which will involve a significant proportion of the work, will also be expected to undertake specific projects eg. *investigations into the feasibility of certain* activities or the profitability of business products.

The position arises as the result of a promotion. The individual's exposure within the organisation and the continuing growth of the bank will provide excellent opportunities for career development in either the financial/management accounting function or other areas of the bank.

In their mid to late 20s, applicants should be recently qualified Chartered Accountants who are capable of working on their own with the minimum of direction.

**Please write, enclosing a career/salary history and daytime telephone number, to David Hogg FCA quoting reference H/448/SF.**

Lloyd Management

125 High Holborn London WC1V 6QA Selection Consultants 01-405 3499

## Financial Controller

New International Bank
City
c.£35,000 negotiable + car + benefits

One of the largest financial institutions, our client is now establishing a major commercial banking facility in London to complement the other services provided by this highly-regarded international financial services group. As part of the recruitment of key senior management personnel, they now seek a Financial Controller to establish and run the accounting function.

Reporting to the General Manager, Administration, the person appointed will assume full responsibility for all financial and management reporting, budgeting and tax planning. Key tasks initially will be to specify accounting control systems and take a leading role in systems design and implementation.

The position calls for a qualified accountant with several years' international banking experience and the ability to implement effective computer systems. A sound knowledge of corporate tax is also important.

This start-up position in an organisation which plans substantial growth over the next few years will be a stimulating role and the compensation package will be geared to attract the right candidate.

Candidates should apply in confidence enclosing full CV and quoting reference MCS/3034 to: Milton Ives
**Executive Selection Division**
**Price Waterhouse**
**Management Consultants**
**No. 1 London Bridge**
**London SE1 9QL.**

*Price Waterhouse*

## Corporate Planning

**c. £20,000 + profit sharing** **Central London**

We seek an ACA or ICMA qualified accountant, or MBA, to join a small Corporate Planning team at the headquarters of this multi-national pharmaceutical group. Your role will include preparation of an annual Corporate Plan, regular analysis of commercial and economic intelligence data, evaluation of subsidiary company performance and development of computer databases in support of strategic planning activities.

Your varied professional and commercial experience should have involved computer modelling, strategic planning at a group or subsidiary level and preparation of new business development plans. We are looking for someone with good commercial sense who enjoys the challenge of international business.

In addition to the salary and profit sharing, there is a non-contributory pension scheme and 25 days' holiday.

Please forward a comprehensive curriculum vitae, with details of current salary, to Miss P. A. Sandry, Senior Personnel Officer, Glaxo Holdings p.l.c., Clarges House, 6-12 Clarges Street, London W1Y 8DH.

**Glaxo** Holdings p.l.c.

*Accountants with 1-2 years' PQE in banking/investment*

## FINANCIAL CONTROL AND PRODUCT DEVELOPMENT

**Participation in the City revolution**

These are new positions created within the new trading framework of a major banking and financial services group, which is recognized as e key pleyer in the forthcoming changes in banking, investment and trading merkets.

Each job is a broad-based commercial manegement role, with involvement in the development of new products and accounting policies, and impact into major business decisions. Working, therefore, as part of a senior management team you will be expected to be an essertive and confident manager, with an ebility to communicate effectively outside your own discipline.

Candidates should be qualified Accountants with at least one year's experience outside the profession within a financial institution. Outstanding recently qualified candidates mey be considered. A full banking benefits package including car and bonus is offered.

***Interested candidates should contact Kevin Byrne on 01-588-6644 or contact him at the address below. All applications are treated in strictest confidence.***

*Anderson, Squires Ltd.,*
*Bank Recruitment Specialists,*
*127 Cheapside, London EC2V 6BU*

Anderson, Squires

## Financial Controller

**F.D. Designate**

Up to £25K + car N. London

The company is market leader offering a unique product within a market with enormous growth potential. Established approximately 10 years ago, the company has made consistent progress with turnover currently at c£5m with positive, ambitious business plans for the future.

This is a new appointment, reporting to the M.D. and with total accountability for financial management of the company including developing, managing and controlling information, reporting and control systems. Whilst the existing finance team is well established there is a 'big job' to be undertaken to review and implement effective financial systems and to develop the function.

Success in this role should lead to your appointment as main board F.D. within approximately 2 years.

You should be a qualified accountant, with a broad range of commercial experience, including sound knowledge of computerised systems, ideally gained within a sales driven environment.

The package is for discussion as indicated.

Please send – in confidence – your C.V. to Philip Bainbridge, Selection Consultant ref. B.35022.

**HAY-MSL Selection and Advertising Limited,**
**52 Grosvenor Gardens, London SW1W 0AW.**

*Offices in Europe, the Americas, Australasia and Asia Pacific.*

**HAY-MSL**

FINANCIAL SERVICES

## ISLAND RECORDS LONDON

ISLAND

## Assistant Financial Controller

**c£18,000 + Car plus Benefits**

This is an exceptional opportunity for a young qualified accountant to take part in the financial management of this rapidly growing business.

The Assistant Financial Controller will be responsible for the day to day operations of the Accounts Department and the development of the associated computerised systems.

Candidates for the position, ideally in the age range 25 – 30, should have sound experience in financial disciplines, preferably in the record industry, and have knowledge of computer-based accounting systems.

The personal qualities required of candidates are good communication and management skills, plus the enthusiasm and drive to ensure the effectiveness of the department.

**Applications, giving full personal and career details, including current salary, should be submitted quoting reference 5/816/1 to Katherine Godfrey at: Stoy Hayward Associates, Management Consultants, Executive Recruitment Division, 8 Baker Street, London W1M 1DA.**

**Stoy Hayward Associates**

MANAGEMENT CONSULTANTS

*A member of Horwath & Horwath International*

## Project Accountant

salary c. £17,500
Exeter Car + Subsidized Mortgage

The London and Manchester Group is an established and progressive Financial Services organization with assets under management in excess of £1 billion.

With our continuing diversification into new activities we are looking for an experienced and qualified accountant who will be our Accounting Projects Manager. With responsibility for a wide range of ad hoc projects and investigations of a financial nature, this key role will report directly to the Assistant General Manager (Accounting Services).

The person appointed will be an FCA or FCCA with broad post-qualification experience encompassing taxation, financial/investment matters and both clerical and computerized accounting systems.

Please telephone for an application form on (0392) 52155, Ext 2425 or write to Charlie King, Personnel Services Division, London and Manchester Group plc, Winslade Park, Exeter EX5 1DS.

London and Manchester Group plc

## FINANCIAL CONTROLLER

**S.W. London** **c. £18,000**

Our client is a major consultancy business specialising in the provision of high level advice in the retail and distribution industry sectors. The Chief Financial Officer (who is also the Company Secretary) now needs to strengthen his team to prepare for a new stage in the company's development.

Immediate requirements and responsibilities will include the day-to-day administration of the accounts function including the production of monthly management accounting information, the development of a costing system for project work and the introduction of a computerised accounting system.

The company has a superb record of growth and is now preparing for an exciting period of expansion. This places a heavy demand on the finance function and suitably qualified accountants who are adaptable, numerate, articulate and who can demonstrate experience in e retail or service industry will be considered. Candidates must be graduates and ideally aged 26-30. An attractive benefits package is for discussion including profit share, pension and medical health insurance.

Please send full career history, in total confidence, to:

**Nicholas Potter, quoting reference 226/FT.**
**Mainstay Management Services Limited,**
**34 York Street, Twickenham, Middlesex TW1 3LJ**
**Tel: 01-891 3301**

**MAINSTAY**
Management Services

## Company Accountant/ Secretary (Designate)

*Small Company Background*

*c£22,000 + car* *Surrey based*

Qualified Professionals, identifying with the small company environment will find this new opportunity both challenging and rewarding.

A dynamic, fast-moving business with a high calibre workforce, my clients sell and distribute high value products to markets in the Soviet Union and Eastern Europe.

As a practical Accountant and with the minimum of support, you will be responsible for Cash and Asset Management and producing all Financial and Management Accounts, as well as consolidating accounts of subsidiary companies and Company Secretarial duties. In addition, you will act as adviser to the Board over the matter of external investment, creating the corporate structures to attract the same.

Aged 30-40 and living within reasonable daily travel, applicants must be familiar with Accounts Preparation and Company Secretarial duties in a multi-currency business utilising a computerised accounting system.

*Please write with full curriculum vitae to include relevant company financial information and current remuneration to:- Robert Little, PER Management Selection, 12A Commercial Way, Woking, Surrey GU21 1HG.*

PER

*Management Selection Division*

## ASSISTANT CHIEF ACCOUNTANT

**To £20,000 + Banking Benefits**

Wa are the expanding and profitable UK subsidiary of the Bank Leumi Group. Due to the cootinuing increase in business we have created the new position of Assistant Chief Accountant.

Reporting to the Chief Accountant, your team will be responsible for the productioo of management and statutory accounts to demanding deadlines.

To be successful, you will most likely be a qualified accountant aged 28 to 35. You will have banking (or related) experience. A knowledge of taxation and computerised systems is desirable.

*Please respond to:*
Brett Hollins
Personnel Manager
BANK LEUMI (UK) PLC
4/7 Woodstock Street, W1A 2AF

**bank leumi בנק לאומי**

# Accountancy Appointments

## Financial Controller

**c£25,000 + Car South East Midlands**

This is a high technology subsidiary of a major UK Group with products and further development programmes which address several very large international markets. A major expansion of these businesses is underway and a high growth is expected through the late 1980's and beyond.

The Financial Controller will be responsible for maintaining the effectiveness of a comprehensive finance and accounting function (staff of 20); providing key business input on pricing decisions, cost analysis, capital and development appraisals and results reporting; establishing an effective relationship with local general management and the Group; and managing the DP function.

Applicants should be graduate accountants aged early-mid 30's with relevant recent controllership experience. The maturity to be effective in a stand alone situation, together with the sense of humour and skill to manage people and information under pressure are essential requirements. Success in this role will open up important opportunities across the Group. Relocation assistance is available as required.

Please apply in confidence, quoting ref. L 223 to:

Brian H Mason
*Mason & Nurse Associates*
1 Lancaster Place, Strand
London WC2E 7EB
Tel: 01-240 7805

**Mason & Nurse**
Selection & Search

## Managing Consultants

**Central London**

**c£30,000 + Car**

Our client is the Management Consultancy division of one of the 'Big Eight' firms of Chartered Accountants. They now wish to strengthen their team by the appointment of two Managing Consultants within their financial management systems and public sector consultancy divisions.

For both positions, candidates must have a minimum of 3 years previous consultancy experience in an environment that demands high professional standards. Candidates for the financial sector position must be qualified accountants. Line management experience in commerce, industry or the public sector is critical together with the proven ability to market and develop consultancy services.

Candidates must also have a cost conscious approach to problem solving and the potential to progress through the organisation to a senior management or partnership position.

Please write stating any organisation to whom your details should not be forwarded and enclose a full resume quoting reference 109 to,
Nigel Hopkins FCA,
97 Jermyn Street,
London SW1Y 6JE.

**Cartwright Hopkins**
FINANCIAL SELECTION AND SEARCH

## Financial Controller – Merchant Bank

Our client, the Merchant Banking operation of a leading international bank, is seeking a Financial Controller, who will report to the Finance Director.

The Merchant Bank offers investment management, stock broking and a wide range of investment banking products.

Ideal candidates will have gained sound experience in:

* operating and developing financial accounting and statutory reporting systems, in a high transaction *environment*
* management accounting in a multi product business
* developing internal controls in a start-up or fast expanding situation.

Applicants will be Chartered Accountants, probably aged between 30-40 years with a well developed sense of *commitment* and *personal* motivation. Remuneration, including mortgage subsidy, profit-share and a car will reflect the importance of this position.

**Applications should be made in confidence to The Managing Director**

**Tanstead Associates Ltd**
Executive Search & Selection
West End House, 11 Hills Place, London W1R 1AG
- a member of the Tanstead Professional Group

## Chief Financial Executive

**London**
**c £35,000 + car and benefits**

Our client, successful and expanding, whose main activities include distribution, warehousing services and manufacturing, wishes to appoint a commercial yet professional accountant of proven ability to this key position.

Reporting to the Chief Executive, the successful applicant will, in addition to total responsibility for all aspects of the finance and accounting functions, actively participate in the continuing formulation and implementation of the business strategy which may well include a flotation within the next few years.

Applicants aged 35 to 45, will be Chartered Accountants with at least 7 years post qualification experience who have been at senior level within a developing organisational environment. They must be well organised, systematic, adaptable and capable of adopting a high profile at an early stage in order to develop further, in this senior managerial role.

The importance of this appointment will be reflected in a competitive salary of not less than £35,000 per annum whilst other benefits will include a fully expensed quality car, pension and medical schemes and 5 weeks holidays per annum. Relocation costs will be refunded should the preferred applicant require to move home to take up this appointment.

Candidates can apply in *confidence enclosing a full CV and* current salary and quoting reference MCS/7193 to Michael R. Andrews.
**Executive Selection Division**
**Price Waterhouse**
**Management Consultants**
**No. 1 London Bridge**
**London SE1 9QL**

***Price Waterhouse***

## Commercially-minded Accountants

### *. . . to help manage new business centres*

**London and Nottingham**

Boots The Chemists have restructured and created a number of separate market related business centres, offering excellent career opportunities for commercially-minded accountants, whose motivation is very much profit-driven.

You will work closely with both your Business Centre Manager and the Finance function. Your main responsibilities will be to provide an efficient management accounting service and take a key role in the direction, development and profitable operation of the business.

Probably in your late twenties or early thirties, you must be a qualified accountant with a proven record of success within a commercial environment. Experience of retailing would be a distinct advantage.

Salaries will vary according to location and experience and there is an excellent benefits package which includes profit sharing bonus and generous assistance with relocation expenses, where appropriate.

*Please write enclosing c.v. and details of current* salary to Mrs E. M. Durrance, Senior Employment Officer, The Boots Company PLC, Station Street, Nottingham NG2 3AA. Tel: Nottingham (0602) 506255.

Boots **The Boots Company PLC**

## Group Financial Controller

**Home Counties** **to £25,000 + car**

Our client is a dynamic group with interests in property and corporate communications. Due to consistent and rapid expansion, it seeks to appoint a Group Financial Controller.

The position will carry responsibility to a main board director for all accounting, finance, tax planning and systems development throughout the group. The person appointed will also play a key role in implementing the group's plans for further acquisitions and for a stock market flotation within three years.

Candidates, aged about 30, must be qualified accountants and preferably have MBA's. Experience could have been acquired in the profession or in commerce and should ideally include working in the property or communications sectors.

Please write in strict confidence, quoting reference F6061, to Robin Gorringe at 25 New Street Square, London EC4A 3LN.

**Clark Whitehill Consultants**
*Executive Selection*

## Finance Manager

### Board Prospects

**Central London** **c £22,000**

Our client is a long-established but rapidly expanding international trading company concerned with a range of specialist industrial and consumer products. *Annual turnover is about £50 million.*

Reporting to the Managing Director, the man or woman appointed will have responsibility for all aspects of financial management in the UK and overseas, and for the effective administration and development of the IBM-based computer systems.

Probably aged less than 40, suitable candidates will be qualified accountants with a variety of experience in the profession, industry or commerce and the maturity and strength of personality to make a substantial contribution to the management of the business. Fluency in French would be a considerable advantage.

Please write in confidence to Neil Cameron, quoting ref. N559, at 11 Gough Square, London EC4A 3DE (telephone 01-583 3911).

**Chetwynd Streets**
Management Selection Limited

## FINANCIAL DIRECTOR DESIGNATE

**DESIGN CONSULTANCY**

**WEST END** **TO £25,000**

Exciting, rapidly expanding, fast-moving all describe this creative design organisation. Well placed for continued growth, the company now looks to recruit a *chartered* accountant to head the accounts function and become increasingly involved in the day-to-day operating decisions.

Reporting to the board, and if successful joining it, the Financial Director designate will be *responsible* for implementing effective financial control and for further developing computerised reporting and forecasting systems.

Experience within *industry or at manager level* within the profession is necessary, although knowledge of the specific business area is not. Above all, however, empathy with the 'marketing world' and well-developed *management skills will be looked for.*

If you feel that you could contribute to the continuing success of this organisation please write with details of your career to date to Alexander Ashworth at

**Jamieson Scott**
MANAGEMENT SEARCH
One, The Royal Arcade, 28 Old Bond Street, London W1X 4BT.

## Financial Controllers

**Several UK Locations** **Up to £20,000 + Co. Cars**

A well known, international company currently establishing a network of new business enterprises throughout the UK, our clients wish to recruit an ambitious, qualified Accountant at each centre.

Controlling the business alongside their dynamic management teams will involve you in decision-making of the most exciting order! Whilst ensuring that systems, controls and reporting meet the professional criteria set by Group Headquarters, your main objective will be to bring commercial strength and increased profitability to your division.

Business acumen gained in a marketing-orientated, manufacturing enterprise will be looked for in candidates with obvious mental agility and excellent communication skills.

**If you're looking for real accountability—and a package to match—telephone or write to Executive Recruitment Advisory Services, Tel. 0603 819287, quoting reference no. 3/66.**

**ERAS**
Executive Recruitment Advisory Services,
16 Thorpe Road, Norwich, NR1 1RY

## DIVISIONAL FINANCE DIRECTOR
### (Manufacturing)

**East Yorkshire Region** **£22,000 + car etc.**

*This key appointment is with a major trading divisioo of a substantial plc.* operating within the UK and overseas.

Reporting to and working closely with the Managing Director, the successful candidate will accept total responsibility for the financial management of the division and in particular have a sound understanding of, and the ability to communicate the needs of the company in terms of the implementation of more highly sophisticated costing and management information systems.

The opportunity will be of particular interest to a qualified accountant (Probably ACMA) with a successful career profile to date gained within a commercially demanding process/manufacturing environment. The ability to advise and influence the commercial decision making policies of the company is an important pre-requisite. Re-location expenses will be met where appropriate. Please apply in the first instance to Brian Daniels, (Managing Director), Daniels Bates Partnership Ltd., Leeds Office, Tel: (0532) 461671.

**Daniels Bates Partnership**
PROFESSIONAL RECRUITMENT

Daniels Bates Partnership Ltd., Josephs Well, Hanover Walk, Park Lane, Leeds LS3 1AB.
Tel: (0532) 461671 (5 lines 24 hours).
Also at: Fountain Precinct, Leopold Street Wing, Sheffield S1 2GZ. Tel: (0742) 754016

## FINANCIAL CONTROLLER

***West End of London* £20,000 *plus car***

Old established and rapidly expanding firm of Chartered Surveyors require a Chartered Accountant.

He/she will be 28-35 years old and thoroughly experienced in computerised accountancy systems.

Reply in confidence to:
The Managing Director
Folkard & Hayward (Services) Ltd
20 Crawford St., London W1.

**Folkard & Hayward**

# Accountancy Appointments

## Special Project Accountant

Unique opportunity to play key role
to £28,000 + car + bonus
City based

As part of its rapid growth in financial services, our client is building a dynamic and professional team to be a market-maker in gilt-edged securities after Big Bang. To play a key role in this development they require a Special Project Accountant.

You will need to be a qualified accountant, with experience of computerised systems within a project/assignment orientated environment and will probably be aged in your late twenties or early thirties. You may currently be with a leading management consultancy or in the securities industry, or in other areas where you will have had exposure to high-tech innovative systems.

The prime requirement is for a dynamic young accountant who is able to demonstrate his or her ability to communicate, summarize, conceptualise and with commitment and enthusiasm to be at the forefront of financial services.

The package being offered reflects the importance our client places on finding the right person and includes an excellent base salary, performance bonus, car, mortgage subsidy, non-contributory pension and BUPA.

If you are prepared to accept this challenge and are keen to make a major impact within a new and fast growing environment, please send full CV, quoting reference MCS/6087 to Alannah Hunt,
Executive Selection Division
Price Waterhouse
Management Consultants
No. 1 London Bridge
London SE1 9QL

*Price Waterhouse*

## Financial Director (Designate)

South Coast

Competitive Salary +Benefits

Our client is offering an exceptional and challenging opportunity to participate in a management buy-out. A proven team of operational, commercial and engineering managers is seeking a senior financial executive to play a central role in the transition of a major transport corporation subsidiary into a private company.

Heading a team of 35, the Financial Director (Designate) will be responsible for all the financial, administrative and company secretarial aspects of this £16m turnover business. Strong financial input will be vital to the success of the buy-out and lead to the development of new management information systems. Key responsibilities will include the preparation of management and statutory accounts, planning and budgeting, the production of costing information and appraisal work.

Candidates should be qualified accountants, preferably chartered, aged between 30 and 45 with a proven track record, ideally gained in the transport sector. Experience of computerised accounts is essential, as are good man-management skills, commercial awareness, drive and determination. Strong communication and administrative skills will enable the ideal candidate to contribute effectively to the development of the company in a period of rapid change.

Please reply in confidence, giving concise career, salary and personal details quoting Ref. ER869 to: Micheline Wilkin, Executive Selection, Arthur Young Management Consultants, Rolls House, 7 Rolls Buildings, Fetter Lane, London EC4A 1NH.

Arthur Young Executive Selection
A MEMBER OF ARTHUR YOUNG INTERNATIONAL

## FINANCIAL CONTROLLER VIRGIN VISION

London c.£20,000 + car

This is a new position with the rapidly expanding film, video, TV and publishing Division of the Virgin Group.

Reporting to the F.D., responsibilities will include providing management and financial information for the U.K., the preparation of budgets and forecasts and some special project work. Prospects for advancement within the Group are exceptional.

Candidates, male or female, will be qualified accountants aged 27-32 with good all round experience, some ideally gained in a volatile sales and marketing environment. Well developed management skills and sound micro computer experience are essential, as is a lively and enthusiastic personality.

Please write, enclosing a full C.V., to Deborah Sherry at our London address, quoting reference number 1020/6846.

410 Strand, London WC2R 0NS, Tel: 01-836 9501
163a Bath Street, Glasgow G2 4SQ. Tel: 041-226 3101
India Buildings, Water Street, Liverpool L2 0RA. Tel: 051-227 1412
113/115 George Street, Edinburgh EH2 4JN. Tel: 031-225 7744
Brook House, 77 Fountain Street
Manchester M2 2EE. Tel: 061-236 1553

DOUGLAS LLAMBIAS
Douglas Llambias Associates Limited
Accountancy & Management Recruitment Consultants

## Accountant to assist in Finance and Insurance

London
c£18,000 +

The worldwide organisation of Price Waterhouse, through its practice firms, provides independent accounting, management and tax consultancy and other related services to a wide range of clients in over 300 offices in 98 countries worldwide.

Price Waterhouse World Firm co-ordinates the plans and activities of each of these practising firms. There is a full-time staff of some 50 people who assist the firms in developing and initiating their long-range plans and who provide practice support.

Responsibilities of the full-time staff are wide and there is a need for a young accountant to assist the senior manager responsible for finance and insurance. Initially the job-holder will be involved in all aspects of the accounting function of the World Firm.

Once established he/she will also be expected to assist with the various worldwide insurances arranged through the World Firm.

Ideally qualified and under 30, candidates must have some experience of producing financial accounts and reports to tight time schedules. In addition, they must be prepared to spend time in a 'hands on' computing role. Experience in developing computer applications would be helpful but is not essential.

Prospects within Price Waterhouse are excellent, the benefits include a contributory pension scheme, medical insurance and an attractive starting salary.

Please apply enclosing a full CV, indicating current salary and quoting reference MCS/5061 to
Barrie Whitaker
Executive Selection Division
Price Waterhouse
Management Consultants
No 1 London Bridge
London SE1 9QL

*Price Waterhouse*

## COMPANY ACCOUNTANT

If you are an Accountant who relishes a challenge and your experience includes involvement with computerised systems in a commercial or manufacturing environment, our client can give you the scope to implement your ideas during a period of intensive growth in their activities both in the UK and Europe

To £19,500 + Car + Benefits London/Essex borders

The company is a market leader in office products with a unique product range manufactured at a modern plant in Essex and sold through distributors in the UK and continental Europe. To capitalise on its strength, the company is committed to a significant phase of expansion during which it is essential that comprehensive financial control and reporting systems are established and maintained.

We seek an enthusiastic individual, preferably qualified, who will be capable of controlling a small department responsible for the day-to-day accounting and cash management functions together with the implementation of a range of sophisticated computer based control systems. The ability to establish new disciplines where none have existed before is important.

Applicants should write or telephone, in complete confidence, Brian Kemp at Executive Network or evenings or weekends on 01-657 2734.

EXECUTIVE NETWORK
(CONSULTANTS) LIMITED
19, BEDFORD ROW,
LONDON WC1R 4EB
01 831 8202
01 831 9458

## Money Broking

Ambitious Young Accountant

Our client is one of the worlds leading international money broking groups. With a strategic presence throughout the world, the group offers a comprehansive and competitive ranga of broking services to meet the complex needs of todays fast moving money markets.

Following recent expansion, the company wishes to strengthan the group accounting function and is seeking to recruit an ambitious young accountant. A key member of a small professional team, duties will include all aspects of financial and management accounting, budgeting and forecasting, with an emphasis on developing new systems to meet changing business requirements.

Candidates will be qualified accountants in their mid to late 20's with tha potential to grow and develop within tha role. Previous experience gained either within, or through auditing, the financial services sector will be an advantaga.

Location: City of London.

Remuneration: c£18,000 + benefits.

Please reply in confidence to: Joanna Corr (ref 8692).

KMG Thomson McLintock
Management Consultants
70 Finsbury Pavement London EC2A 1SX

## Management Accountant (R&D)

LONDON up to £19,500

British Gas Headquarters is responsible for all Research and Development activities within the Corporation as well as exploration and gas transmission control systems.

We now require a qualified accountant with a working knowledge of both mainframe and micro-computer applications to join our team of accountants responsible for providing a full management accounting service to all Headquarters Divisions.

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Due to retirement, we are seeking to appoint a Financial Controller who will head up the financial function and be expected to play a key role in our future developments.

We are looking for a qualified accountant with at least five years' relevant experience aged 30-45, who communicates well and who can effectively assess our commercial needs. A retail background would be advantageous.

The appointment will be based in Oxford and assistance will be given with relocation if required.

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**Oxford & Swindon Co-operative Society Limited**
**P.O. Box 21**

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SECTION II – COMPANIES AND MARKETS
FINANCIAL TIMES
Thursday June 26 1986



# Naarden scents profits shortfall

By Our Financial Staff

NAARDEN, the Dutch flavours and fragrances group which claims fourth place in the worldwide industry, does not expect to achieve the 5 per cent profits growth in 1986 it previously forecast.

Mr J.G.L. Verdurmen, the group's finance director, told financial analysts in London yesterday that the company's performance would suffer from the continuing strength of the guilder against the dollar and from a probable reduction from budgeted levels of exports to several oil-producing countries, including Iraq and Indonesia.

He gave no details of financial performance so far this year.

Naarden is confident in the longer term growth of sales and profits, Mr Verdurmen said, despite a weakening in the rate of growth in the international flavours and fragrances market during the past few years.

However, he warned that it might take several more years to achieve the company's objective of a 4 per cent after-tax return on sales.

In 1985, when Naarden earned Fl 22m ($8.8m) on sales of Fl 662.6m, its return on sales was 3.3 per cent against 3.2 per cent in the preceding year.

Mr Verdurmen said that among other factors weighing on margins was the increasing shift towards natural flavourings as against synthetics.

In order to maintain its position in the market, Naarden would continue to invest heavily in research and development.

He predicted that there would be considerable scope for rationalisation in the $5bn-a-year world flavourings and fragrances industry. Naarden, however, believed strongly that the industry was better suited to medium-sized independent companies than to large diversified groups.

In order to protect itself against hostile bidders, Naarden is taking a series of defensive measures.

# Murdoch expected to announce sale of Chicago Sun-Times

BY PAUL TAYLOR IN NEW YORK

MR RUPERT MURDOCH'S News Corporation is expected to announce the sale of the Chicago Sun-Times within the next few days in a leveraged buy-out deal led by Adler & Shaykin, the New York leveraged buy-out specialists, valued at around $130m.

The newspaper, which was acquired by News Corp in 1984 for about $100m from Field Enterprises, has been on the auction block since Mr Murdoch indicated he would satisfy US Federal Communications Commission (FCC) requirements related to his purchase earlier this year of six television stations from Metromedia for $1.55bn.

Australian-born Mr Murdoch plans to use the six television stations as the basis for a new nation wide television network, including WFLD-TV in Chicago.

FCC rules prohibit the ownership of newspapers and television stations in the same market. News Corp, which must also sell the New York Post newspaper, was granted a waiver of two years by the FCC to sell the newspapers.

Details of the proposed Sun Times sale remained sketchy yesterday. However, Mr Robert Page, the newspaper's publisher and president, confirmed that discussions on the deal had taken place.

Mr Rupert Murdoch

It is understood that the newspaper assets and building will be sold to a group of investors led by Adler & Shaykin, which is also expected to include members of the newspaper's management, including Mr Page and Mr Donald Piazza, executive vice-president.

The New York-based Equitable Life Assurance Society of the US is also expected to be involved in the deal, with financing supplied by Citicorp.

# 'Dynasty' share offer planned by US group

BY OUR FINANCIAL STAFF

THE PUBLIC will soon be able to share in the success of the Carringtons and the Colbys. Aaron Spelling Productions, producers of the US soap operas Dynasty, The Colbys and Hotel, is planning its first public offering in July.

The flotation on the American Stock Exchange should put about 23 per cent of voting rights in public hands. Drexel Burnham Lambert and Bear Stearns and Co have been named as co-managers for the offering.

The company, which is about to launched a new TV series called "Life with Lucy" starring Lucille Ball, has filed with the SEC for an initial offering of 6.35m class A common shares and $25m in subordinated notes.

# Paris agrees Fiat, Matra link

BY PAUL BETTS IN PARIS

THE French Government has given its tacit approval to Fiat, the Italian car company, and Matra, the French state-controlled defence and electronics conglomerate, to merge their car components manufacturing activities into a new industrial group employing 20,000 people and with annual sales of about FFr 7bn ($984m).

The French Treasury had 60 days to review the proposals of Fiat and Matra to merge their car components businesses into a new French-based company, 65 per cent held by the Italian company and 35 per cent owned by Matra. By raising no objections and making no comment at the end of the 60-day review period this week, the government has given a tacit go-ahead to the deal.

However, Fiat and Matra still have to finalise the financial aspects of the transaction, which is also likely to be further delayed by the government's privatisation plans for Matra. Indeed until the government's privatisations bill is approved by parliament, it is unlikely that Matra and Fiat will be able to constitute the joint venture.

The Fiat-Matra car components venture follows recent French Government approval for Mr Carlo De Benedetti, the Italian entrepreneur and chairman of Olivetti, to take over the management control of Valeo, the large French car components group.

The two separate deals have now given Italian interests a dominant role in the French car components sector. This has worried the two French car makers, Renault and Peugeot, which have both asked for guarantees from Fiat and from Mr De Benedetti to safeguard their interests.

Matra will bring to the new venture with Fiat its Solex carburettor and its Jaeger dashboard instruments subsidiaries. Between them, these companies had sales of FFr 2.5bn last year. Solex had a net loss of FFr 104.2m last year, while Jaeger returned to the black with a slim profit of FFr 3.9m last year.

Fiat will contribute to the venture its Veglia-Borletti dashboard instruments businesses with sales last year of L435bn ($284m) and its Weber carburettor subsidiary with sales of L465.5bn last year. The venture will also include Fiat's small electric and electronic cable subsidiary Cavis.

The venture is designed to give the components businesses of Fiat and Matra the necessary European dimension to compete in an increasingly tough international market.

# Canadian shopping merger

By Bernard Simon in Toronto

TRIZEC and Bramalea, two leading Canadian property developers, are to merge their shopping centre interests, creating a new company with 36 centres across Canada and assets of about C$1.4bn ($1bn).

The deal will raise Trizec's shareholding in Bramalea from 34 per cent to almost 55 per cent, rising to 65 per cent on conversion of a Bramalea debenture held by Trizec.

The largest shareholders in Trizec are the Toronto branch of the Bronfman family – who have wide interests in financial services, consumer products and real estate – and Olympia and York, the Toronto-based real estate developer.

Trizec and Bramalea said that they had initiated the merger to achieve the benefits of "one unified, cohesive operating entity." Shareholder approval is still required.

In the first step of the transaction, a new Trizec subsidiary will buy Bramalea's Canadian shopping centre assets for about C$500m. Bramalea will be entitled to acquire full control of the new entity. It will finance the purchase, by issuing 18.5m new shares at C$25 a share, and by raising C$150m in debt.

# Krupp expects year-end rise in profits despite lower sales

BY PETER BRUCE IN BONN

FRIED. KRUPP, the West German steel and engineering group, has reported a dramatic collapse in turnover in its important trading and services division in the first five months of this year, leading to an overall decline in group sales of nearly 2 per cent to DM 6.2bn ($2.79bn) on the same period in 1985.

Krupp's chairman, Dr Wilhelm Scheider, said that be still expected the group this year to improve on the 15 per cent rise in net profit, to DM 124m, recorded in 1985.

He said a 23 per cent fall in turnover to the trading and services division had affected only trading, largely because of the fall in the value of the dollar against the D-Mark. Sales of special steels were also badly affected by the imposition in the US of import quotas. The stronger German currency had also hurt scrap metal sales.

Turnover in the trading division fell 16 per cent last year, but the group, demonstrating new strengths as a result of diversification and a stable steel market, was able to raise total turnover by 1 per cent to DM 18.4bn, despite an almost total retreat from its DM 1.9bn-a-year oil business in 1984.

Dr Scheider has taken Krupp through a radical restructuring in the past few years, decentralising management of the group's main activities, including steel.

While there are activities that the group would probably prefer to abandon – shipbuilding and, possibly, the production of large diesel engines – Krupp seems content to remain in these areas while carefully acquiring, or taking stakes in a widening stream of smaller high-technology operations.

# BancTexas to get $30m injection

BY MARY FRINGS IN DALLAS

MR GERALD FORDE, the Dallas investor who controls 25 banks in Texas and New Mexico with combined assets of $2.2bn, has come to the rescue of financially troubled BancTexas group with a $30m infusion of capital.

Under the terms of a letter of intent signed yesterday with the 11-bank holding company, Mr Forde will gain two-thirds control of the BancTexas board, and its flagship bank in Dallas will merge with his United National Bank.

BancTexas group is the 10th largest bank-holding company in Texas, with first-quarter assets of $1.55bn, down from $1.88bn at the same time last year.

It reported a $35m loss for 1985 and primary capital dipped below the regulatory guideline of 5.5 per cent in the fourth quarter. In January, BancTexas announced that it had retained Bear Stearns, the New York investment bank, to assist it in raising capital.

After selling some securities and realising a $3m gain on the sale of a small subsidiary bank in Tyler, east Texas, BancTexas managed to boost its primary capital and show a modest $378,000 profit for the first quarter of this year.

However, its non-performing loan ratio rose to 8.1 per cent.

# Genstar assets 'will raise C$800m'

By Robert Gibbens in Montreal

IMASCO, the tobacco products, fast-food and retailing group, expects to raise about C$800m (US$579m) net from the sale of the non-financial services assets of Genstar Corporation within the next two years, Imasco's chairman, Mr Paul Pare, said before the annual meeting.

The C$2.6bn takeover of all the shares of Genstar is now being completed by Imasco, including payment of about C$400m to Société de Générale de Belgique, Genstar's largest single shareholder.

The deal includes Canada Trustco, Canada's seventh largest financial institution. Imasco has already split Genstar's cement and building materials, real estate and waste management businesses in Canada and the US into six or seven packages to be sold in a "controlled auction," mostly by the year-end.

Mr Pare said Imasco would be calling for tenders on all the packages in the next few weeks. The net cost of Canada Trustco to Imasco will be about C$1.7bn.

Imasco has almost completed common and preferred share issues totalling about C$545m and the current first-quarter of fiscal 1987 will reflect about C$2bn of borrowings for the Genstar acquisition. These will be reduced as the Genstar non-financial services assets are sold.

Mr Pare said tobacco products earnings would be lower this year because of widespread price discounting, but Imasco should increase its current 53 per cent market share. Cigarette sales were down overall about 5.5 per cent year-to-year in Canada, mainly because of higher taxes, but the decline appeared to be bottoming out, he said.

The fast-food business in the US was expanding and would do better, while distribution problems in the US drugstore chain should ease progressively during the year. Canadian retailing would improve.

# Stora to build $180m newsprint machine

BY KEVIN DONE, NORDIC CORRESPONDENT, IN STOCKHOLM

STORA, Sweden's largest forest products group, is to build a newsprint machine at a cost of about SKr 1.3bn ($180m).

The mill will have a capacity of 215,000 tonnes a year. Construction is expected to begin later this year and should be completed in 1988.

The machine will increase Stora's total newsprint capacity to around 615,000 tonnes a year, including 100,000 tonnes of magazine paper and 135,000 tonnes a year of improved newsprint. It will also allow Stora to close down three older newsprint machines with a total capacity of about 50,000 tonnes.

As part of the project Stora will increase its capacity for TMP (thermo-mechanical pulp) at its main Kvarnsveden newsprint mill to 330,000 tonnes a year from the current level of about 165,000 tonnes a year.

Construction of the plant is still subject to approval from the Swedish authorities. It will be Stora's first big investment in a newsprint machine since 1969.

The capacity of Sweden's newsprint producers – Sweden is the world's second largest exporter of newsprint after Canada – is growing quickly and should exceed 2m tonnes a year by late 1988, compared with a production of 1.6m tonnes in 1985.

Machines were commissioned last year by Holmens Bruk, Europe's leading newsprint producer, and Svenska Cellulosa.

In addition, Hylte Bruk, which is jointly owned by Papyrus (55 per cent), Feldmühle of West Germany (25 per cent), and Stora (20 per cent), is planning a machine to be commissioned towards the end of the 1980s. A final decision is still to be taken by the Hylte Bruk Board, however.

# Philip Morris halts 7-Up sale to PepsiCo

BY WILLIAM HALL IN NEW YORK

PHILIP MORRIS, the US tobacco and consumer goods conglomerate, has terminated its efforts to sell its Seven-Up soft drinks operation to PepsiCo, following last week's decision by the Federal Trade Commission (FTC) to challenge the deal.

Coca-Cola, on the other hand, has said that it plans to continue to pursue Dr Pepper in spite of the FTC move to block this transaction as well. However, Coca-Cola said it would not act until after the court hearing.

PepsiCo, whose $380m bid for Seven-Up last January was followed by Coca-Cola's $470m offer for rival Dr Pepper, said that it was disappointed by Philip Morris's action.

The two bids had sent the US soft drink industry into turmoil – because they would have given the two companies control of about 80 per cent of the US soft drinks market.

Philip Morris said that it had terminated the agreement with PepsiCo for the sale of Seven-Up's worldwide franchise beverage business. But the business is still up for sale and the vendor is also considering offers for those assets of Seven-Up not included in the agreement with PepsiCo.

These include 12 soft drink facilities in the US and Canada and Seven-Up's foods group, Ventura Coastal Corporation and Oregon Dry Foods.

PepsiCo said that it still believed that its planned merger would have revitalised the "great Seven-Up brand" and stimulated competition throughout the beverage industry to the benefit of customers everywhere. However, given the FTC action and Philip Morris's decision, it was unlikely to challenge the FTC in court.

# INTL. COMPANIES & FINANCE

## Allianz to raise $323m for expansion

**By Jonathan Carr in Frankfurt**

ALLIANZ, West Germany's biggest insurance concern, is raising DM 721.8m ($323.6m) through a one-for-15 rights issue, and proposes to boost its dividend from 22 per cent to 24 per cent for the 1985 year.

Allianz said the rights issue was intended to ensure that adequate capital would be available to cover "future expansion of business." It gave no further details.

In the recent past Allianz has made some major foreign acquisitions, including Britain's Cornhill Insurance early this year, and RAS, Italy's second biggest insurance group.

Allianz is also known to be on the hunt for a suitable company in the US to complement its relatively modest life and non-life activities there. Total group worldwide premium income in 1985 (excluding RAS) was DM 17.4bn.

The 24 per cent dividend now proposed will involve a payout of DM 144.3m compared with one of DM 110.3m last year. Another DM 82.4m is being added to reserves.

The rights issue will raise Allianz's basic capital by DM 40.1m to DM 641.5m. The new shares (DM 50 at par) are priced at DM 900 and will be available for subscription between July 10 and 23. They will be eligible for a full dividend for the 1986 year.



## IRI losses forecast to fall by almost two-thirds in year

**BY ALAN FRIEDMAN IN ROME**

IRI, Italy's largest state holding company, expects to cut losses by nearly two-thirds this year.

Professor Romano Prodi, IRI chairman, said in rome yesterday that the year would close with a L600bn ($390m) deficit, against last yeer's loss of L1,593bn.

IRI executives stressed that the forecast was preliminary and refered to the group's industrial activities, not its banks. Among IRI holdings of about 500 companies are the major Finsider Steel subsidiaries, Finmeccanica Engineering, Stet Electronics, SME Foods, Finmare Shipping, the Alitalia airline and RAI television and radio divisions.

Prof Prodi predicted that the closing months of the year would see IRI finally approaching breakeven on a trading basis after years of huge losses.

Yesterday's array of forecasts from IRI, however, also showed that the total group debt was expected to be L41,185bn at year-end, against L38,900bn at the end of 1985.

IRI's total cash flow for 1986 is expected to be L5,280bn, or 45 per cent higher than last year's L3,632bn.

Commenting on IRI's policy of privatising a number of subsidiaries, Prof Prodi reeled off a list of successful share issues and direct sales last year and declared: "Privatisation is not a sell-off but a strategic choice"

Last year IRI raised L2,600bn through the sale of shares in its subsidiaries.

Among share issues which saw Italian and foreign investors participating were offers for equity in Stet, Alitalia, the banks and other companies.

The Naples-based Banca Centro Sud was sold directly to America's Citicorp.

Prof Prodi declined to comment on the fate of SME, the IRI foods subsidiary that was to have been sold last year to Mr Carlo De Benedetti, but which has remainded tied up in political controversy and legal proceedings. A judicial decision on the SME issue is expected in the next few days.

## Mack Trucks will reduce workforce

**By Roderick Oram in New York**

MACK TRUCKS, the US heavy truckmaker 40.6 per cent owned by Renault of France, plans to reduce the white/collar (and mainly non-union) part of its workforce by 10 per cent by the end of this year because of "significant manufacturing over-capacity." Some 350 jobs will be lost.

It will also pursue other efforts to reduce costs, following a sharp reverse in its performance in the second half of last year, resulting in a full-year loss of $50.2m, or $2.07 a share.

The key element in Mack's recovery strategy, announced last autumn, is the replacement of one of its 60-year-old Pennsylvania plants with a new facility in South Carolina. It hopes to save some $80m a year from the switch, mainly through paying lower wages.







**AIBD BOND INDICES**
**WEEKLY EUROBOND GUIDE JUNE 20**

| | Redemption Yield | Change on Week % | 12 Months High | 12 Months Low |
|---|---|---|---|---|
| US Dollar | 9.488 | −0.867 | 10.850 | 9.094 |
| Australian Dollar | 13.121 | −0.591 | 14.630 | 12.600 |
| Canadian Dollar | 10.719 | −0.529 | 11.850 | 10.489 |
| Euroguilder | 6.089 | −1.489 | 7.040 | 5.971 |
| Euro Currency Unit | 8.487 | −1.176 | 9.660 | 8.164 |
| Yen | 6.515 | 0.200 | 7.250 | 6.307 |
| Sterling | 10.094 | 0.368 | 11.932 | 9.751 |
| Deutschemark | 6.639 | −0.015 | 7.260 | 6.418 |

Bank J. Vontobel & Co Ltd, Zurich - Telex: 812744 JVZ CH

# Eurobond prices rise but issuing activity subdued

BY CLARE PEARSON

THE EUROBOND market was infected with a little of New York's optimism yesterday. Dealers marked prices up by about ½ points as hopes rose of US interest rate cuts this summer. Since retail investors are still nowhere to be found in this market, however, new issuing activity remained subdued, with only one straight fixed-rate dollar Eurobond emerging.

This was for the Canadian Province of Saskatchewan, launched by Credit Suisse First Boston. The $125m five-year bond was priced at par with 7⅜ per cent coupon payments. Dealers thought the terms fair and the deal traded at discounts to issue price just outside the level of the total commissions.

Denmark returned to the Euromarkets, unusually through Prudential Bache and with a zero-coupon issuing structure. The 12-year deal was for a nominal $250m. It was priced at 39.40 per cent to give an effective net spread over the yield on 10-year US Treasury bonds of 85 basis points.

Dealers thought the bond should attract demand as long-dated zero-coupon bonds have been rare lately, although the pricing looked tight compared with other outstanding deals for such issuers as Swedish Export Credit.

Recent floating-rate note issues were attracting strong demand yesterday, although no new deals emerged. Dealers expect Shearson Lehman to launch a $400m floating-rate note for Belgium today, however.

In the equity-linked area of the market, Yamaichi International (Europe) launched a deal for Asahi, the Japanese glass-manufacturer. The $100m deal, priced at par, has a life of five years. Terms will be fixed on July 2 but the coupon is indicated at 2⅜ per cent. The exercise premium on the warrants should be set at a 2½ per cent over the closing share price on that day.

Credit Suisse First Boston said that it is arranging a $25m convertible bond for Diasonics, the US manufacturer of electronic medical equipment. The issue is being arranged in conjunction with Hambrecht and Quist, the Californian investment house.

The Canadian dollar market has developed an improved tone, dealers say, with retail demand from Continental countries re-emerging.

Banque Paribas launched a 10 per cent Canadian dollar issue which should attract investors seeking high coupons. This was for T. Eaton Corporation, the Canadian department store. The C$65m bond, priced at 100⅞, bears this coupon, high even in the Canadian dollar market, as the issuing company, which is family-owned, is not rated.

Net of total fees, the spread over yields of Canadian government bonds provided by the issue was 127 basis points. The issue provoked good demand. Dominion Securities Pitfield was co-managers.

D-Mark bonds picked up perhaps ½ point in price on New York's encouragement, although trading continued its recent thin trend. Dealers say there is some selective retail demand in the market, however, and Commerzbank took advantage of this.

Commerzbank launched a DM 100m seven-year bond for Canterra Energy, the Canadian oil and gas company. The bond was set at 6⅛ per cent and price at 99½. This struck the market as generous and the issue traded comfortably within the fees.

In French francs, Credit Lyonnais led a FFr 400m deal for Fiat. The 10-year bond pays coupons of 8 per cent and is priced at 100½. Credit Lyonnais said the bond had met some demand in a generally quiet market.

The next borrower to tap the French franc market will be Michelin, which is expected to launch a convertible bond next Monday.

Swiss franc bonds saw very low turnover and prices were unchanged on the day. A recent 10-year SFr 400m equity-warrants bond for Montedison, whose trading performance has been suffering from concerns about the Milan equities market, picked up from low price levels. It closed on Tuesday at 93¼, but yesterday at 94½.

# Allianz in DM722m rights issue

BY JONATHAN CARR IN FRANKFURT

ALLIANZ, West Germany's biggest insurance concern, is raising DM 721.8m ($324.8m) through a one-for-15 rights issue, and proposes to boost its dividend from 22 per cent to 24 per cent for the 1985 year.

The company said the rights issue was intended to ensure that adequate capital would be available to cover "future expansion of business." It gave no further details.

In the recent past Allianz has made some major foreign acquisitions, including Britain's Cornhill Insurance early this year, and RAS, Italy's second biggest insurance group.

Allianz is also known to be on the hunt for a suitable company in the US to complement its relatively modest life and non-life activities there. Total group worldwide premium income in 1985 (excluding RAS) was DM 17.4bn.

The proposed 24 per cent dividend will involve a payout of DM 144.3m compared with DM 110.3m last year.

A further DM 82.4m is being added to reserves.

The rights issue will raise Allianz's basic capital by DM 40.1m to DM 641.5m. The new shares (DM 50 at par) are priced at DM 900 and will be available for subscription between July 10 and 23. They will be eligible for a full dividend for the 1986 year.

## FT INTERNATIONAL BOND SERVICE

Listed are the 200 latest international bonds for which there is an adequate secondary market.
Closing prices on June 25

| US DOLLAR STRAIGHTS | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| Amoco Co. 9¾ 16 | 300 | 102½ | 103 | +0¾ | -0½ | 9.46 |
| Atlan. Richfield 10¼ 00 | 250 | 106⅝ | 107⅛ | -0¼ | +0⅛ | 9.34 |
| Australia Com. 11 95 | 100 | 115⅝ | 116⅛ | +1⅛ | +3⅛ | 8.40 |
| Australia Com. 11¼ 00 | 200 | 115¾ | 116¼ | +0⅛ | +1½ | 9.17 |
| BP Capital 9⅜ 96 | 100 | 101½ | 102 | +0⅛ | +0⅛ | 8.80 |
| BP Capital 11⅛ 92 | 150 | 109 | 109½ | +0⅞ | +0⅞ | 8.95 |
| Campbell Soup 10½ 95 | 200 | 110⅛ | 110⅝ | +1⅛ | +0⅞ | 8.75 |
| Canada 9 96 | 1000 | 105⅜ | 106⅛ | +0⅛ | +0½ | 8.06 |
| Canada 11½ 95 | 500 | 111⅝ | 112⅛ | +0½ | +0⅛ | 7.71 |
| Canadian Pac. 10⅛ 95 | 100 | 108 | 108½ | +0⅛ | +0⅜ | 9.10 |
| CEPME 10⅛ 91 | 300 | 106¾ | 107¼ | 0 | +0⅛ | 8.46 |
| Citicorp 10 88 | 200 | 104½ | 105 | +0½ | +0⅛ | 7.52 |
| Citicorp 10⅝ 95 | 100 | 108½ | 109 | +0⅛ | +0⅛ | 9.16 |
| Credit Lyonnais 9 91 | 300 | 103⅝ | 104⅛ | +0⅝ | +0⅞ | 7.95 |
| Credit National 9⅞ 93 | 150 | 104⅜ | 104⅞ | +0⅜ | +0⅜ | 8.20 |
| Denmark Kingdom 7⅞ 93 | 250 | 97⅜ | 97⅞ | +¼ | +1⅛ | 8.21 |
| Denmark Kgdm. 11½ 90 | 100 | 111⅝ | 112⅛ | +0⅛ | +0⅞ | 7.89 |
| Denmark Kgdm. 11½ 92 | 100 | 113⅜ | 113⅞ | +0½ | +0½ | 8.42 |
| EDC 8½ 92 | 100 | 102⅝ | 103⅛ | 0 | +0⅛ | 8.07 |
| EEC 8¼ 96 | 100 | 101¼ | 101¾ | +0⅛ | +1¼ | 8.02 |
| EEC 8⅝ 91 | 250 | 103½ | 104 | +0½ | +0⅛ | 7.61 |
| EEC 9⅝ 90 | 300 | 105⅜ | 105⅞ | +0⅞ | -0⅛ | 7.97 |
| EIB 10¼ 94 | 200 | 109⅜ | 109⅞ | +0⅛ | +0⅛ | 8.62 |
| EIB 12 95 | 200 | 121½ | 122 | +1⅛ | +1⅛ | 8.41 |
| Eli Lilly 10¼ 92 | 150 | 110⅜ | 110⅞ | +1⅛ | +1⅛ | 8.03 |
| Export Dev. Cpn. 10 95 | 100 | 107 | 107½ | +0½ | +0½ | 7.88 |
| Fed. Dep. Strs. 10⅛ 95 | 200 | 108⅝ | 109⅛ | +0½ | +0⅛ | 8.67 |
| Ford Motor Cred. 10½ 91 | 250 | 107⅜ | 107⅞ | +0⅛ | +0½ | 8.63 |
| Ford Motor Cred. 11⅞ 90 | 100 | 109⅜ | 109⅞ | +0⅛ | +0⅛ | 8.27 |
| Gen. Elec. Cred. 10¼ 00 | 200 | 105⅞ | 106⅜ | +0⅛ | -0½ | 9.48 |
| GMAC 10¼ 89 | 200 | 106⅝ | 107⅛ | +0½ | +0⅛ | 7.54 |
| GMAC 8½ 93 | 200 | 101¼ | 101¾ | +0⅛ | +1⅛ | 8.23 |
| IADB 9⅞ 95 | 200 | 109½ | 110 | +1¼ | +1⅛ | 8.34 |
| IADB 10½ 95 | 150 | 112⅝ | 112⅞ | +0⅛ | +0½ | 8.46 |
| Kellogg Co. 10⅞ 95 | 100 | 106 | 106½ | +0⅛ | -0⅛ | 8.72 |
| New Zealand 7⅞ 95 | 300 | 99 | 99½ | +0⅛ | +0½ | 7.97 |
| New Zealand 8¼ 93 | 150 | 99⅜ | 99⅞ | +0⅛ | +0½ | 8.32 |
| Pepsico Inc. 7⅞ 95 | 200 | 95⅜ | 95⅞ | +0½ | +0½ | 8.28 |
| Proct. & Gamb. 'A' 9⅞ 92 | 250 | 105½ | 106 | +0⅞ | +0⅛ | 8.46 |
| Pru Realty Secs. 12⅛ 95 | 546 | 115⅛ | 115⅝ | +0⅞ | +0⅛ | 9.41 |
| Qantas Airways 10⅞ 95 | 140 | 111¼ | 111¾ | +0⅛ | +0⅛ | 8.48 |
| Queensland Govt. 10¼ 95 | 300 | 110½ | 111 | +0½ | +0⅛ | 8.50 |
| Ralston Purina 11¼ 95 | 150 | 113¾ | 114¼ | +0⅞ | +1⅛ | 9.34 |
| Saab Scania 9½ 91 | 125 | 104⅛ | 104⅝ | +0⅛ | +0⅛ | 8.24 |
| Saskatchewan 10⅛ 92 | 100 | 111¼ | 111¾ | +0⅛ | +0⅞ | 8.12 |
| Scandinavia Air. 10⅛ 95 | 150 | 108⅜ | 108⅞ | +0⅛ | +1 | 8.73 |
| State Bk. S. Aust. 9⅛ 95 | 100 | 102⅞ | 103⅜ | +0⅛ | +0⅛ | 8.63 |
| Statoil 10 90 | 170 | 106⅞ | 107⅜ | +0½ | +0⅛ | 7.92 |
| S. Wales Tsy. 11⅛ 90 | 150 | 111¼ | 111¾ | +0½ | +0⅛ | 8.15 |
| Swed. Exp. Cred. 10 92 | 100 | 108⅞ | 109⅜ | +0⅛ | +1⅛ | 8.01 |
| Sweden 8¼ 96 | 200 | 100⅝ | 101⅛ | +0⅛ | 0 | 8.12 |
| Sweden 10¼ 92 | 200 | 110 | 110½ | +0⅛ | +0⅛ | 8.11 |
| Sweden Kgdm. 10⅞ 95 | 200 | 110¼ | 110¾ | +0⅛ | +1 | 7.46 |
| Sweden Kgdm. 11⅞ 94 | 100 | 114⅜ | 114⅞ | +0⅛ | +0⅛ | 9.17 |
| Tenneco Cpn. 10⅛ 95 | 150 | †107⅛ | 107⅝ | +0⅛ | +1⅛ | 9.40 |
| Utd. Tech. Fin. 10⅛ 95 | 100 | 107⅞ | 108⅜ | +0½ | -1 | 9.26 |
| Victorian Rep. 11⅞ 92 | 150 | 119⅛ | 119⅝ | +0⅛ | +0⅛ | 8.56 |
| World Bank 9⅜ 2016 | 300 | 105⅛ | 106⅛ | +0½ | +0⅛ | 8.67 |
| World Bank 9⅞ 2016 | 500 | 107⅜ | 107⅞ | +0⅛ | +0⅛ | 9.00 |
| World Bank 10⅞ 95 | 200 | 112 | 112½ | +0½ | +0⅛ | 8.16 |

Average price changes on day +0½ on week +0½

| DEUTSCHE MARK STRAIGHTS | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| Asian Dev. Bank 0 94 | 200 | 106⅞ | 107⅜ | +0⅛ | -0⅛ | 6.88 |
| Austrian Elec. Co. 6½ 95 | 150 | 99⅝ | 99⅞ | +0⅛ | -0⅛ | 6.58 |
| BMW 5¾ 96 | 200 | 92 | 92½ | 0 | 0 | 6.85 |
| Daimler Benz Int 5¾ 01 | 500 | 96⅞ | 97⅜ | -0⅛ | -0⅛ | 6.85 |
| Dow Chemical 5⅞ 96 | 200 | 92⅝ | 92⅞ | 0 | -0⅛ | 6.48 |
| Dow Chemical 6¾ 95 | 300 | 101⅞ | 102⅜ | +0⅛ | +1½ | 6.85 |
| EIB 5½ 98 | 150 | 94⅞ | 95⅜ | +0½ | +0⅛ | 6.48 |
| EIB 6⅞ 93 | 200 | 103½ | 104 | +0⅛ | +0⅛ | 6.33 |
| EIB 7¼ 94 | 300 | 103½ | 104 | +0¼ | -0⅛ | 6.85 |
| Emhart Corpn. 6⅞ 95 | 175 | 102 | 102½ | +0⅛ | -0½ | 6.41 |
| Ex.-Im. Bk. Korea 7⅞ 95 | 100 | 102⅛ | 102⅝ | +0⅛ | +0⅛ | 6.89 |
| Finland Republic 7 92 | 200 | 103⅞ | 104⅜ | +0⅛ | -0½ | 6.12 |
| Hoesch Int. Fin. 7 95 | 100 | 102⅛ | 102⅝ | +0⅛ | 0 | 6.62 |
| Hydro Quebec 5½ 96 | 125 | 92½ | 93 | +0½ | -0½ | 6.52 |
| Hydro Quebec 6 2016 | 150 | 94⅛ | 94⅝ | -0⅛ | +0⅛ | 6.41 |
| IBJ 5⅞ 96 | 100 | 94½ | 95 | -0⅛ | -0⅛ | 6.57 |
| Ireland 6⅞ 92 | 150 | 104⅛ | 104⅞ | -0⅛ | +0½ | 6.64 |
| I/S Elsam 6¼ 93 | 125 | 100⅜ | 100⅞ | -0⅛ | -0⅛ | 6.67 |
| Korea Dev. Bank 6⅞ 93 | 100 | 98 | 98½ | +0⅛ | 0 | 7.72 |
| Mitsubishi M. 3⅜ 89 WW | 100 | 107 | 107⅛ | -0⅛ | -0⅛ | 1.80 |
| Mitsubishi M. 3⅜ 89 XW | 100 | 92⅛ | 92⅝ | -0⅛ | -0⅛ | 5.33 |
| Renfe 7⅞ 95 | 200 | 105 | 105½ | 0 | 0 | 6.96 |
| Soc. Cent. Nuclear 7¼ 95 | 150 | 102⅜ | 102⅞ | +0⅛ | -0⅛ | 6.79 |
| Soc. Cent. Nuclear 0 91 | 100 | 104 | 104½ | +0⅛ | 0 | 6.97 |
| Stewart 5½ 96 | 100 | 91½ | 92 | 0 | -1 | 6.66 |
| World Bank 7 95 | 600 | 104⅜ | 104⅞ | +0⅛ | -0⅞ | 6.34 |
| Yorkshire Intl. 6¼ 2001 | 200 | 95 | 95½ | 0 | -1½ | 6.99 |

Average price changes on day +0⅛ on week -0⅛

| SWISS FRANC STRAIGHTS | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| Avon Cap. Corpn. 5⅜ 94 | 130 | *†100 | 100½ | -0⅛ | -0⅛ | 5.38 |
| Brit. Land Comp. 6½ 99 | 75 | *†104½ | 105 | -1⅛ | -1⅛ | 5.97 |
| Chrysler 5¾ 96 | 160 | †101¼ | 102 | 0 | 0 | 5.50 |
| Council of Europe 6 92 | 120 | *†104 | 104½ | -0⅛ | +0⅛ | 5.28 |
| Creditanstalt 5½ 94 | 200 | *†101½ | 102 | -0⅛ | -0⅛ | 5.23 |
| Deutsche Bk. Fin. 5⅜ 95 | 100 | *†104½ | 105¼ | +1⅛ | +1⅛ | 4.67 |
| Gen. Occidentale 4½ 94 | 80 | *†112½ | 113 | +0⅛ | -0½ | 2.79 |
| Glendale F. S&L 5½ 95 | 100 | *†100 | 100½ | -0⅛ | +0⅛ | 5.46 |
| Humana 5⅛ 98 | 100 | *†98½ | 99¼ | 0 | 0 | 5.25 |
| Ind. F. Finland 5⅜ 94 | 40 | *†100½ | 101 | -1⅛ | -0½ | 5.63 |
| N. Zealand Steel 5⅜ 96 | 70 | *†100½ | 101 | -0⅛ | -0⅛ | 5.55 |
| Oberos. Kftwk. 5⅜ 95 | 100 | *†101½ | 102 | +0⅛ | +1⅛ | 5.11 |
| Olivetti Intl. 5½ 95 | 100 | *†101½ | 102 | -0⅛ | -0⅛ | 5.25 |
| Pepsico 5⅜ 95 | 130 | *†104 | 104½ | +5⅛ | +5⅛ | 4.64 |
| Phibro-Salomon 5⅞ 97 | 110 | *†100 | 100½ | -0⅛ | -0⅛ | 5.89 |
| Ralston Purina 5⅛ 94 | 125 | *†101½ | 102 | -0⅛ | +0½ | 5.11 |
| Settsu Corp. 0 2001 | 100 | *†47½ | 48 | -1⅛ | -1½ | 5.16 |
| Tokyo Elec. Pwr. 5⅛ 93 | 120 | *†103½ | 104 | 0 | 0 | 4.51 |
| Tokyo Metropolis 5¼ 94 | 80 | *†101 | 101½ | -0⅛ | -0⅛ | 5.06 |
| World Bank 5⅛ 94 | 150 | *†103 | 103½ | -0⅛ | -0⅛ | 5.26 |

Average price changes on day 0 on week +0⅛

| YEN STRAIGHTS | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| Am. Exp. Os. Cr. 5⅞ 91 | 20 | 98⅛ | 98⅝ | +0⅛ | +0⅛ | 6.24 |
| Denmark 6⅞ 96 | 10 | 101 | 101½ | +0⅛ | 0 | 6.24 |
| Dow Chemical 6⅞ 01 | 25 | 92⅞ | 93⅜ | 0 | -0⅛ | 7.14 |
| EIB 6⅛ 96 | 25 | 101 | 102½ | +0⅛ | -0⅛ | 5.82 |
| Province de Quebec 6 98 | 20 | 94⅛ | 95⅛ | -0⅛ | +0⅛ | 6.41 |

Average price changes on day +0⅛ .. week 0

| OTHER STRAIGHTS | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| Amex. Ex. Os. Cr. 0 91 A$ | 100 | 53¾ | 54¼ | -0⅛ | -0⅛ | 13.77 |
| Bremer Ldsbk. 12⅞ 91 A$ | 30 | 101⅞ | 102⅜ | -0⅛ | -0⅛ | 12.05 |
| Fiat Finance 14½ 89 A$ | 50 | 101⅞ | 102⅜ | -0⅛ | -1⅛ | 13.50 |
| GMAC 12⅞ 89 A$ | 40 | 101 | 102 | -0⅛ | -0½ | 12.28 |
| Landsbk. Rheim 13 89 A$ | 30 | 99 | 100 | -0⅛ | -0½ | 13.37 |
| Canadian Pac. 10⅛ 90 C$ | 75 | †102⅛ | 102⅝ | +0⅛ | +0½ | 9.94 |
| Chrysler Fin. C. 10 91 C$ | 75 | †94⅝ | 95⅛ | +0½ | +0½ | 11.42 |
| Genstar Fin. 11¼ 95 C$ | 75 | *†106 | 106½ | +0⅛ | 0 | 10.64 |
| GMAC 9¼ 92 C$ | 75 | †96⅛ | 96⅝ | +0⅛ | +0½ | 10.09 |
| Royal Trustco 10⅞ 95 C$ | 75 | †107⅞ | 108⅜ | +0½ | +0½ | 8.13 |
| Sears Acc. 10⅞ 92 C$ | 75 | *†105½ | 106 | +0⅛ | -1⅛ | 9.55 |
| Coca-Cola F. Cp. 17 95 NZ$ | 75 | †105 | 106 | -0½ | +0⅛ | 15.67 |
| Denmark 17½ 89 NZ$ | 50 | *†104 | 104½ | 0 | -0⅛ | 15.31 |
| Unilever Cap. 17½ 89 NZ$ | 50 | †102½ | 104½ | -0⅛ | -0⅛ | 15.93 |
| Copenhagen City 9 95 Ecu | 40 | †105½ | 106 | +0½ | -0⅛ | 8.09 |
| EIB 8⅝ 93 Ecu | 100 | †106½ | 106⅝ | -0⅛ | -0⅛ | 7.38 |
| Walt Disney 8⅞ 94 Ecu | 60 | †106½ | 106⅞ | -0½ | -0⅛ | 7.61 |
| Honda Mtr. WW 3⅞ 95 Fl | 200 | 107⅞ | 108⅜ | +0½ | +0⅛ | 1.61 |
| Honda Motor XW 3⅞ 95 Fl | 100 | 91⅜ | 92⅛ | 0 | +0⅛ | 6.30 |
| Thyssen 7⅛ 90 Fl | 50 | 103⅛ | 104⅛ | 0 | +0⅛ | 6.16 |
| Wereldhave 7½ 95 Fl | 75 | 103⅞ | 104⅛ | 0 | -0⅛ | 6.97 |
| Wessanen 6¼ 90 Fl | 50 | 101⅞ | 102⅜ | 0 | +0⅛ | 6.25 |
| Tsthse. Forte 8⅞ 91 FFr | 400 | *†100½ | 101 | 0 | 0 | 8.42 |
| Amev 11 93 £ | 50 | 105½ | 106¼ | +0½ | -0⅛ | 9.72 |
| Australia Com. 11 92 £ | 40 | 105⅞ | 106⅛ | +0⅛ | +0⅛ | 9.61 |
| GMAC UK Fin. 10½ 90 £ | 30 | 103½ | 104⅛ | +0⅛ | +0⅛ | 9.31 |
| Imp. Chem. Inds. 10 03 £ | 100 | 102⅛ | 102⅝ | +0⅛ | +0½ | 9.68 |
| Imp. Chem. Inds. 10⅛ 92 £ | 75 | 103 | 103½ | +0⅛ | +0⅛ | 10.02 |
| Invst. In Inds. Intl. 10 93 £ | 60 | 101¼ | 101¾ | +0⅛ | -0⅛ | 9.66 |
| Leeds Bld. Soc. 10½ 91 £ | 50 | 102⅞ | 102⅞ | +0½ | -0⅛ | 9.80 |
| McDonalds 10⅞ 95 £ | 40 | 104⅛ | 104⅝ | +0⅛ | 0 | 9.43 |
| Nationwide BS 10⅛ 95 £ | 75 | 100½ | 101 | +0½ | +0⅛ | 9.56 |
| NSW Treasury 10⅛ 92 £ | 50 | 102⅜ | 103⅛ | +0⅛ | 0 | 9.86 |
| Royal Insce. 10⅞ 92 £ | 60 | 102⅞ | 103⅜ | +0⅛ | -0⅛ | 9.79 |
| J. Sainsbury 10⅞ 93 £ | 60 | 104⅛ | 105 | +0⅛ | -0⅛ | 9.87 |
| Trthse. Forte 11⅞ 95 £ | 50 | 104⅞ | 104⅞ | +0⅛ | +0⅛ | 9.68 |
| World Bank 11⅛ 95 £ | 100 | 110⅛ | 110⅝ | +0⅛ | +1 | 9.48 |
| CoE 8⅞ 95 LFr | 200 | †103½ | 106 | -1 | +0⅛ | 7.96 |
| Nat. Lx. Alum. 10½ 92 LFr | 600 | †103 | 103½ | +1⅛ | +1½ | 9.76 |

| FLOATING RATE NOTES | Spread | Bid | Offer | C.dte | C.cpn |
|---|---|---|---|---|---|
| Anglia Bldg. Soc. 0 98 £ | 0⅛ | 100.20 | 100.25 | 14/7 | 10.44 |
| Barclays Bank Perp. 1 | 0⅛§ | 100.33 | 100.56 | 2/7 | 8⅛ |
| Barclays Bank Perp. 2 | 0⅛§ | 100.26 | 100.48 | 14/8 | 8⅛ |
| Belgium, Kingdom of 91 | 0 | 100.89 | 100.99 | 13/8 | 8.06 |
| BBP 5¼ 95 | 0.05 | 102.32 | 102.42 | 18/7 | 8.05 |
| Britannia 0 93 £ | 0⅛ | 100.30 | 100.34 | 8/7 | 10⅜ |
| CCF 5¼ 97 | 0 | 99.63 | 99.93 | 14/5 | 6.94 |
| Citicorp 95 | 0⅛ | 99.68 | 99.92 | 23/8 | 7.88 |
| Credit Lyonnais 0 2000 | 0¼ | 100.75 | 100.85 | 10/7 | 8.06 |
| EEC 3 92 DM | 0 | 100.34 | 100.44 | 2/8 | 4.44 |
| EEC 5¼ 93 Ecu | 0.0312 | 99.72 | 99.82 | 30/6 | 9.91 |
| Halifax Bldg. Soc. £ 94 | 0.1 | 100.27 | 100.35 | 6/8 | 10.54 |
| Lloyds Bank Perp. | 0⅛ | 100.47 | 100.57 | 9/6 | 8⅛ |
| Midland Bank 2001 £ | 0.2 | 99.73 | 99.96 | 7/8 | 10⅛ |
| Milk Mrktg. Board 0 93 £ | 0⅛ | 100.05 | 100.13 | 17/6 | 12.31 |
| NatWest Perp. A | 0⅛§ | 100.32 | 100.42 | 9/7 | 8.32 |
| NatWest Perp. B | 0⅛§ | 100.46 | 100.56 | 9/8 | 8⅛ |
| New Zealand 5 97 £ | 0.07 | 100.05 | 100.13 | 14/5 | 12⅛ |
| New Zealand 0 2001 | 0 | 100.41 | 100.51 | 4/8 | 8⅛ |
| Prudential Corpn. 4 95 £ | 0.1 | 99.00 | 100.11 | 5/6 | 12.35 |
| Royal Bk. Scotland 5 Prp. | 0⅛ | 100.89 | 100.99 | 11/6 | 8.40 |
| United Kingdom 5 92 | 0 | 100.32 | 100.41 | 7/7 | 8.06 |
| Woodside Financial 5¼ 97 | 0 | 100.01 | 100.08 | 28/7 | 8.19 |
| Woolwich 0 95 £ | 0⅛ | 100.19 | 100.27 | 19/6 | 11.69 |

Average price changes on day +0.02 on week -0.05

| CONVERTIBLE BONDS | Cnv. date | Cnv. price | Bid | Offer | Chg. day | Prem |
|---|---|---|---|---|---|---|
| Ajinomoto 3 99 | 4/84 | 1053 | 254⅛ | 255⅛ | -0⅛ | 8.86 |
| Comcast 7 2000 | 12/85 | 23.07 | *†124½ | 125⅛ | 0 | 8.52 |
| Fanuc 3¾ 98 | 1/84 | 7032 | 220⅛ | 221½ | -0⅛ | 62.26 |
| Fuji Heavy Inds. 3 2000 | 8/85 | 676 | 125 | 126 | -0½ | -2.72 |
| Fujitsu 3 99 | 5/84 | 2520 | 119⅛ | 120⅛ | -0⅞ | 18.20 |
| Marui 3½ 99 | 7/84 | 1162 | *295⅛ | 296½ | 0 | -5.25 |
| Minolta Camera 2¼ 94 DM | 2/86 | 1305 | 103 | 104 | 0 | 32.84 |
| Mitsubishi Bank 2⅞ 00 | 8/85 | 1768 | 128⅛ | 129½ | +0⅛ | 8.12 |
| Mitsubishi Elec. 2⅞ 00 | 3/85 | 422 | 130⅞ | 131⅞ | +1 | +1.65 |
| Mitsui Bank 2⅞ 01 | 4/86 | 101.9 | 122⅛ | 123 | +0⅛ | -90.21 |
| Murata 3½ 2000 | 7/84 | 2798 | 150⅛ | 151½ | +0½ | 28.05 |
| Nippon Elec. 2⅞ 2000 | 1/85 | 1255 | 176⅞ | 178 | -0⅛ | 79.15 |
| Nippon Oil Co. 3 2000 | 5/85 | 929 | 196¼ | 197⅛ | +1⅛ | 1.59 |
| OKI Elec. Ind. 3½ 99 | 10/84 | 405 | 148½ | 149½ | +1⅛ | 2.49 |
| Sanwa Bank 2⅛ 00 | 10/85 | 1486 | 132⅞ | 133⅞ | +0½ | 4.17 |
| Sekisui House 3 99 | 6/84 | 632 | 276⅛ | 277⅛ | +7⅛ | 2.32 |
| Sumitomo Bank 2⅛ 2000 | 8/85 | 2142 | 128⅛ | 129⅛ | +2⅞ | 2.55 |
| Sumitomo Corpn. 2⅞ 99 | 5/84 | 593 | 226 | 227⅛ | +0⅛ | 13.09 |
| Taiyo Yuden 3¼ 2000 | 3/85 | 1078 | †143 | 180 | -3 | -6.30 |
| Toshiba Ceramics 3 2000 | 4/85 | 1734 | 133½ | 134½ | -0⅛ | -2.98 |
| Nippon Oil Co. 2⅛ 92 SFr | 3/84 | 1052 | *†137⅛ | 138⅛ | -0⅛ | 5.59 |
| Nippon Shinpan 2 92 SFr | 3/84 | 881 | †289 | 289⅛ | 0 | 15.91 |
| Asics 5 92 DM | 12/85 | 520 | 160⅛ | 161⅛ | -0⅛ | 4.80 |
| Renown 3⅛ 90 DM | 3/85 | 475 | 149½ | 150½ | -0⅛ | -4.24 |

* No information available—previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for US dollars. C.cpn=The current coupon.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.



# BOC Group plans £50m paper programme

By Peter Montagnon, Euromarkets Correspondent

BOC GROUP, the UK industrial gases and health care company, has appointed County NatWest Capital Markets and S G Warburg to act as dealers in a new £50m commercial paper programme.

The company is the second—after Royal Insurance—to announce that it plans to issue paper directly out of the UK without waiting for legislative changes that enable this to be done without a prospectus being circulated.

Like Royal, BOC believes that this can be done within the present legal framework so long as the sales of the paper are made on an oral basis only. Unlike Royal, however, it is going to the extreme of not even issuing an information memorandum.

"We won't be producing written documentation and there will be no information memorandum," said Mr John Sheldrick, group treasurer.

Mr Sheldrick said that, based on current trends, borrowing in the commercial paper market could be more attractive than raising funds in the competing bankers' acceptance market if the paper carried maturities of two months or more. Even such "longer-dated" paper could be sold into firm investor hands on an oral basis, he said.

One reason that BOC has decided to tap the market now rather than wait until legislative changes are complete is because it reckons that the early borrowers will reap the advantage of being placed on lists now being compiled by corporate treasurers of paper in which they have received board authorisation for investment.

Once compiled, these lists will be modified only slowly and latecomers might therefore find it harder to sell their paper, Mr Sheldrick said.

● Hong Kong's Mass Transit Railway has appointed Merrill Lynch, S G Warburg and Morgan Guaranty as dealers for its US$150m Euro-commercial paper programme, it said.

# Salomon Bros. loses Delucia to Goldman

By Paul Taylor in New York

GOLDMAN SACHS, the Wall Street investment bank, has hired Mr David Delucia, a London-based Salomon Brothers managing director, to head its New York corporate bond trading, sales and syndication operations.

Mr Delucia has been with Salomon for 10 years, most recently in charge of the firm's Eurobond syndication and secondary market trading in London. In his new job at Goldman he will replace Mr Nelson Abanto, a New York-based partner, who is moving to London to head up Goldman's fast-expanding debt securities operations.

Mr Robert Rubin, one of Goldman's two partners in charge of its fixed-income division, characterised the changes as a further strengthening of Goldman's global capital markets operations.

Mr Abanto, who has been a Goldman partner for four years and is a long-time friend of Mr Delucia, will be in charge of Goldman's London-based investment banking operations which have grown to employ 415 people, up from 140 just two years ago. Mr Rubin emphasised that Goldman's London team has been performing well but said that the firm had decided that London "needed a partner" in charge.

Mr Delucia was sent to London two years ago by Mr John Gutfreund, Salomon Brothers' chairman, to help bolster Salomon's London operations. Mr Rubin added that Mr Delucia had approached Goldman about a job some two months ago.

Mr Delucia's defection represents something of a coup for Goldman which, despite rapid expansion, still trials Salomon Brothers in the US debt and equity underwriting league. However, the loss of Mr Delucia is unlikely to impair Salomon's London operations which he acknowledged "have a great deal of depth."

Mr Delucia is the second senior Salomon official to defect to Goldman this year. Mr Thomas Pura, a Salomon managing director in charge of daily US government bond trading, joined Goldman to become co-head of government securities trading. The changes are seen as reflecting the increasingly competitive market for top-ranked investment bankers as the trend towards global capital market trading accelerates.

Among other management changes announced yesterday, Goldman said that Mr Paul Baeri, a vice president and the firm's London-based head of Eurobond trading, is being reassigned to New York but said his new job has yet to be decided.

Clare Pearson on commercial bank repackaging of fixed-rate bonds

# Synthetic floaters to the rescue

"COMMERCIAL BANKING revisited" they call it. It is ironic that the commercial banks, whose syndicated loans business was undermined by the growth of the international fixed-income securities market, are increasingly coming to its aid in the form of investors.

The rescue operation is chiefly being mounted in the secondary market where many Eurobonds, the debris of this spring's issuing spree, are languishing at distressed prices. The commercial banks, desperate for floating-rate assets, are increasingly mopping up bonds repackaged as synthetic floating-rate instruments.

The banks' demand also benefits the primary market. Issuing houses, recognising the indifference of the retail investor, are now compelled to price new bonds, even for high-quality credits, at spreads of up to 85 basis points over US Treasury bond yields. At these levels they do not have too far to rise before they become "bankable," which means that they can be swapped into floating-rate instruments. If this is at a price below the level at which the bond was underwritten the house has taken a loss, but has at least liquidated its long position.

The critical point is the spread over US Treasury bond yields at which a swap into a floating-rate asset can be achieved.

Suppose a commercial bank buys a fixed-rate bond in the Euromarket yielding 135 basis points over US Treasury bonds. That might be an attractive return but in normal circumstances it would not be good banking practice because banks fund themselves with floating-rate money and to buy such a bond would involve an interest rate risk.

Using the asset swap market, however, the stream of interest payments which the bank receives at such a high yield can be converted to a floating rate basis.

## Swap capability

Bankers stress that the credit risk remains that of the original issuer of the bond as at no time has there been an exchange of principal obligations. All that happens is a complex exchange of streams of interest payments. This gives the commercial bank what is effectively a top quality floating-rate asset of the type that is now very hard to come by in the conventional credit market.

The drawback is that it has also obtained an illiquid asset since, in order to get rid of it, the swap must be unwound and the bond sold. However, since banks are now short of good quality assets, most are seeking to hold rather than trade their "synthesised" floating-rate credits and this factor does not cause much concern.

For a role in the synthetic floating-rate assets market, a securities house needs a significant presence in the secondary market and a developed swap capability. Some houses say they have doubled their staff working full-time on spotting opportunities in recent months.

The average size of a transaction is between $5m and $20m. The total size of the market is unknown, although one estimate puts it at between $10bn and $15bn.

Although non-commercial bank investors wishing to liquidate their holdings in an issue in theory suffer from so many bonds being taken out of the market, in practice bankers believe they are net beneficiaries. The banks' demand represents a downside price limitation and, indeed, other investors may see a price bid up as the commercial banks come in to play.

The chief primary market effect so far has been that underwriters can escape from a loss-making position quickly. The logical extension of the synthetic floating-rate assets market, however, is the development of customised bonds—high-yielding from the outset.

While some borrowers, notably Hudson's Bay and Pronzoil, have recently issued such bonds, they are not likely to become frequent occurrences. Competition for syndicated loans ensures that cheaper forms of finance are still open to them in the credits market. The chief candidate issuer of a high-yielding bond is therefore the "improving credit," wishing for prestige reasons to make a debut but appearance in the fixed-rate bond market.

## Prolific houses

The synthetic floating-rate assets market is chiefly centred on dollar bonds, where swap markets are most efficient and where issuing houses have been most prolific in recent months. Increasing business is also being done in the D-Mark sector, where "bombed out" bonds are also thick on the ground. Cross-currency swaps, particularly from fixed-rate D-Marks to floating-rate dollars, have been on the increase.

Underwriting houses, paying the penalty of over-prolific activity earlier this year, are unlikely to shift much paper into the hands of traditional takers of fixed-rate debt in the coming months. Commercial banks have therefore become not merely investors of last resort but crucial supporters of the Eurobond market.

# MoF reviews mortgage bond law

BY YOKO SHIBATA IN TOKYO

THE JAPANESE Ministry of Finance (MoF) is to undertake a thorough revision of the law relating to mortgage-backed bonds, in order to facilitate the development of this high-yield financial instrument while protecting investors.

Mortgage-backed securities are structured as bonds backed by a land or property loan, and come in the form of interest-bearing certificates. These are issued in small denominations, as low as Y500,000 ($3,000).

Yields of around 6 per cent for three-year bonds are higher than any type of bank deposits, and are exempted from tax if interest revenues do not exceed Y200,000 a year. They have in recent months sparked a flight of some funds from bank savings.

According to industry representatives for 52 of the leading dealers, the balance at the end of March came to Y680bn, double the year earlier level. Funds in this sector are expected to exceed Y1,000bn by the end of the current fiscal year.

However, the market extends beyond this self-regulating group. This is a matter of concern to the ministry, as anyone can start such a business simply by registering with the local authorities and there is no monitoring system to inspect the mortgages which underlie the securities.

The MoF plans, among other things, to require companies to prove the existence of collateral before issuing mortgage certificates. It is also considering a monitoring system for companies handling such securities.

Before 1983, trading of mortgage-backed securities had been a monopoly of Nippon Teito Shoken (Japan Mortgage Company), founded by Fuji Bank in 1973. Since 1983, however, as many as 105 companies affiliated with banks, securities houses, leasing companies, and department stores have been established, according to an MoF survey conducted in April.

Of these, half have joined the voluntary group, which is considering drawing up its own rules ahead of any government revisions to the 54-year-old existing law. The ministry is shortly to start consultations with other government agencies on terms of legislative proposals.

# Japanese state bond yield to rise

By Our Financial Staff

UNDERWRITING HOUSES for Japanese Government bonds said in Tokyo yesterday they had received indications from the Ministry of Finance that terms for the 10-year issue due next month would bring an increase in yields.

Pricing is expected to be set at a 1½ point discount to par, although the coupon would be held at 5.1 per cent. This would imply a rise in yield to 5.329 per cent, up from the record post-war low of 5.1 per cent which has prevailed since April.

Bond issues volume for July is being forecast at Y450bn ($2.7bn), half the level for this month. The May issue totalled Y607.5bn

# INTL. COMPANIES and FINANCE

## Rise in yen hits profits at Matsushita Electric

BY YOKO SHIBATA IN TOKYO

THE STEEP ascent in the value of tha yan was identified as the main cause of a 14.1 per cent decline in first-half pre-tax profits at Matsushita Electric Industrial, the Panasonic and Technics consumer electronics maker.

Parent company taxable earnings for the balf-year to May 20 were down to Y104.3bn ($626.05m) from Y121.5bn, on sales which showed a 6 per cent retreat to Y1,564bn against Y1,646.5bn.

At the net level, the profits decline was beld to 1 per cent, to Y53.4bn compared with Y54bn. The interim dividend per share is maintsined at Y5, paid from net earnings of Y29.91 against Y30.24.

The company is to change its year-end from November 20 to March 31. The move is designed to expedite consolidation of contributions by subsidiaries, allowing more effective management control, and to bring it in line with the Japanese fiscal year. Shareholders' approval will be sought in February 1987, after which the first new financial year will begin on April 1 1987.

Matsushita attributed its poor first-half showing to the appreciation of the yen, accompanied by slow US economic growth which worsened its export climate. In turn, declining exports brought about restricted capital spending in Japan and consumer spending in the company's domestic market sbowed uneven demand.

Sales of video equipment were down by 16 per cent to Y457.4bn and those of audio equipment by 11 per cent to Y120bn. Home electric appliances registered a 6 per cent gain to Y292.7bn.

Sales of communication industrial equipment and electronic components were down by 1 per cent each to Y309.6bn and Y236.9bn respectively.

Domestic sales improved by 2 per cent to Y1,050.1bn, but exports sagged by 7 per cent to Y512.9bn.

For the year as a whole, the company expects its pre-tax profits to fall by 25 per cent to Y187bn, on turnover of Y3,170bn, down 7 per cent from the previous year.

## Metal Manufactures flotation

BY OUR SYDNEY CORRESPONDENT

BICC, THE Britisb engineering and cables group, is to raise some A$50m (US$34.1m) from the flotation of a 20 per cent stake in Metal Manufactures, its 64 per cent-owned Australian cables and electrical wholesaling offshoot.

The prospectus for the A$1.65 per share offering of 30.5m shares was released yesterday, with the price capitalising the company at A$250m. Tbe prospectus also shows that BICC and CRA, the domestic mining group which is its fellow shareholder, have retrieved A$25m from Metal Manufactures through a special dividend paid as part of a pre-flotation reconstruction. This included an asset revaluation, a sbare split and a bonus issue, while the two sharebolders also repaid A$15m of loans.

Directors of Metal Manufactures were guarded in their forecasts for tha current year, stating only that a satisfactory profit would be realised and that earnings for the half-year to June would not be less than 9 cents a share, equivalent to A$13.7m, up 17 per cent.

Metal Mannfactures earned A$27.8m in 1985, equivalent to 18.3 cents a share before adjustment for the changes flowing from the dividend payment and increased depreciation on revalued assets. Net assets per share came to A$1.12 after the reconstruction.

BICC is reducing its stake to 44 per cent, although CRA is retaining its full 36 per cent stake. The UK group will continua to consolidate the Australian arm because of an agreement with CRA which leaves it with indirect control over a majority of the capital.

## Orders fall at Philipp Holzmann

BY DAVID BROWN IN FRANKFURT

PHILIPP HOLZMANN, one of West Germany's leading construction concerns, has reported that 1985 group net profits declined by 32 per cent to DM 28.54m ($12.9m) and said it plans further capacity cutbacks this year because of sharply falling orders in much of its foreign business.

Building revenues for 1986 are likely to fall by a further 6 per cent to about DM 6.5bn, according to Mr Hermann Becker, speaking for the managing board.

With the exception of Holzmann's US companies, foreign order intake in the first five months tumbled by 69 per cent (to DM 153m) and revenue by 30 per cent, oot least because of falling demand in the previously strong Opec market.

Overall revenue for the five-month period fell by 10 per cent to DM 2.42bn from last year.

However, order intake advanced by 11 per cent to DM 3.06bn as a result of buoyant demand in tbe domestic market (up 42 per cent to DM 979m) and in the US. The order book at the end of May stood at DM 6.36bn, up 8.2 per cent from the start of the year.

Nonetheless, despite the West German npswing—particularly in the volume of private construction activity—the group still faces stiff domestic price competition which is not expected to ease until 1987.

In the US, order intake climbed 23 per cent to DM 1.92bn and bigher volumes are expected for the full year.

Last year, revenue slipped by a total 8 per cent ot DM 7.42bn.

The group is to pay an unchanged dividend of DM 10 per share.

## Amatil lifts first-half earnings and payout

By Lachlan Drummond in Sydney

AMATIL the Australian tobacco, food. beverage and printing offshoot of BAT Industries of the UK lifted net profits by 17 per cent from A$29m (US$19.8m) to A$34m for the half-year to April. on a 12 per cent rise in sales to A$847m.

The improvement came despite higher interest charges and increased depreciation. Strong growth was shown by all sectors except the snack foods divisioo.

The directors have, however, warned shareholders not necessarily to expect a similar rate of increase for the full year. An improvement on the 1984-85 total net earnings of $64.3m is none tbe less expected and the interim dividend is being raised from 12 cents a share to 14 cents, paid from earnings per share of 36 cents compared with 30.7 cents.

A surge in the poultry business—wbicb Amatil in part conducts through associate companies—was reflected in a rise in investment and other income from A$5.8m to A$12.5m. The dividend component of this almost trebled to A$5.9m as associate distributions increased.

Interest income grew from A$3.8m to A$6.6m but interest cbarges jumped from A$12.9m to A$23m as rates increased and the company bore the cost of its A$100m acquisition of Sydney's Coca Cola bottling plant in January.

Amatil said the beverage division, wbich includes two Coke operations in Austria, recorded further satisfactory volume growth, while the poultry division shared in a 3 per cent market expansion in the industry.

The tobacco division, wbich contributes about half of total trading profits, increased its contribution mainly through efficiency gains. Tbe snack food side suffered a sharp drop in earnings as bigher potato prices and increased new product spending offset the benefits of an expansion in sales.

Amatil, which is 40 per cent owned by BAT, has just embarked on a US$125m financing programme in the Euromarkets. The five-year deal will allow it to sell Euronotes through a tender panel auction system.

# UK COMPANY NEWS

## MK enters the Rotaflex battle with £50m offer

BY LIONEL BARBER

MK Electric has entered the bidding for Rotaflex, the commercial lighting company under siege from Emess Lighting, with an outline offer valued at around £50m.

MK, which announced a slight drop in pre-tax profits yesterday to £17.7m, said it was prepared to offer around 460p per Rotaflex share using convertible preference stock. This is comfortably above Emess's cash alternative of 400p per share and its paper offer which yesterday was valued at 442p per share.

Emess, which has declared its paper and cash offer for Rotaflex final, said that MK proposed use of convertible preference shares was designed to avoid likely earnings dilution.

Mr Michael Frye, Rotaflex chairman, said that he was considering the MK proposal very seriously. MK holds 5.2 per cent of Rotaflex, having bought in the market last week. But it needs the support of Mr Frye, whose family controls around 27 per cent of the company.

Mr Frye, along with his advisers S. G. Warburg, is however, understood to be talking to at least one other possible purchaser. The interested party is believed to be a major foreign company.

MK said yesterday that it was unaware of any other company being involved in talks with Rotaflex. During a press conference in London, MK executives stressed the commercial logic behind the deal, combining MK manufacturing skills and its distribution network with Rotaflex's design flair and good name in the lighting industry.

Mr Roger Leverton, MK's chief executive, said: "There is a clear overlap in our businesses which is not the case with Emess and Rotaflex."

But Mr Leverton did not rule out a hostile bid for Rotaflex and distanced himself from suggestions that MK could be a white knight in what has turned out to be a fierce battle between Rotaflex and Emess.

Mr Leverton, whose group is being advised by Kleinwort Benson, agreed that there would be substantial goodwill involved in buying Rotaflex. But he said that dilution would be "marginal" in the first year of the acquisition. "There would be substantial benefits to the group as a whole," he said.

Mr Frye said he could also see benefits arising from a combination of Rotaflex and MK, which has interests in the Far East and the Middle East. Rotaflex derives more than half its £50m turnover from Europe.

### MK hit by overseas downturn

DESPITE the benefits of a £700,000 contribution from last year's acquisition of Friedland Doggart, the MK Electric Group saw its 1985-86 profits fall by £0.4m to £17.7m at the pre-tax level.

Turnover for the 52 weeks ending March 29 edged ahead from £127.1m to £128.5m — the group manufactures electric accessories.

Sales in the UK increased by over 9 per cent with real growth achieved despite sluggish construction activity and high interest rates.

However, overseas sales and exports, which made a strong contribution to the previous year's results, declined by £7m to £31m.

Exchange rate movements and low growth in the Middle East and South East Asia markets, coupled with difficulties caused by continuing deteriorating trading conditions in South Africa, were the main factors for this downturn.

The directors said yesterday that the group's cash position continued to be strong with net liquid funds at year-end of £7.7m. They pointed out that this position was achieved after the £16.6m acquisition last August of Friedland Doggart, Britain's leading maker of door chimes, and after capital expenditure during the year of £8.3m (£9m).

Improved market conditions are expected to result from recent falls in oil prices, interest rates and inflation. Furthermore, the group's overseas markets are expected to improve as the economies recover in those countries in which MK operates.

Tax for the past year accounted for £7.3m (£6.9m). Earnings worked through at 27.4p (30.3p). A final dividend of 7.4p (6.8p) makes a total of 10.8p (10.2p) net per 25p share.

## BM wins control of Benford Concrete

By Lionel Barber

BM Group, the construction industry supplier controlled by C. H. Beazer, the acquisitive house builder, last night declared its £20.4m hostile bid for Benford Concrete Machinery unconditional.

BM said that it had acquired shares and received acceptances for around 58.4 per cent of Benford shares. Of this, BM said that 500,634 shares (2 per cent) were not yet supported by documents of title.

BM's increased cash alternative of 90p per share will close on July 2. The increased offer will remain open until further notice.

## Fredericks Place wins CGA battle

By Martin Dickson

Fredericks Place Group, the financial services company, yesterday clinched victory in the £10m three-way takeover battle for The Country Gentlemen's Association, defeating a rival offer from Bestwood.

Fredericks Place said that by early yesterday afternoon it had received valid acceptances for 50.64 per cent of CGA's shares, enabling it to declare unconditional its offer, which was recommended by the Association's board.

It was one of the most closely fought takeover battles for a long time, since Bestwood held shares and acceptances covering some 46 per cent of the equity, and the Takeover Panel allowed a rare two-week extension of the normal bid timetable in an attempt to resolve the deadlock.

A major question now is whether the offer will be accepted by Bestwood and by Lord Tanlaw's settlement, which backed the Bestwood bid. The settlement holds 27 per cent of the CGA's equity and Bestwood about 13 per cent.

## Higher bid for Aitken expected

BY CHARLES BATCHELOR

Tranwood, the "shell" company headed by Mr Nick Oppenheim, is today expected to improve the terms of its £78m takeover bid for Aitken Hume, the troubled fund management and insurance group.

The bid currently comprises nine Tranwood shares for each Aitken share. The improvement is not expected to lead to the addition of a cash alternative.

Tranwood yesterday announced it had won acceptances to its offer from the holders of 4m Aitken shares or 8.78 per cent of its equity. This included a 6.5 per cent stake held by The 1929 Investment Trust, which had been committed to Tranwood before the bid was made.

In addition a subsidiary of Tranwood owns a further 560,000 Aitken shares amounting to 1.22 per cent of the equity and taking the total stake for which Tranwood speaks for to 10 per cent.

Aitken dismissed the level of acceptances as "a predictably pitiful response to a naive and amateurish bid." It said the level of acceptances showed Aitken's shareholders were becoming increasingly aware that National Securities & Research Corporation (NSR), its US fund management arm, might become entirely worthless if the bid succeeded.

Aitken has said NSR might lose its contracts to manage US mutual funds if ownership of Aitken changed hands. Tranwood disputes this.

## Evered defends claims made in offer document

By Charles Batchelor

Evered Holdings yesterday defended a number of claims made in the revised offer document detailing its £160m takeover bid for McKechnie Brothers and said it was amazed McKechnie should be considering its position over possible legal action.

Dr Jim Butler, McKechnie chairman, had described the offer document as containing "crass inaccuracies." He said that Evered's calculation that McKechnie's dividend cover had fallen from three times in 1980 to 1.6 times in the 1986 forecast was wrong because the latter figure took extraordinary items into account. Dr Butler had said he knew of no other company which did this.

Evered responded yesterday that McKechnie itself had calculated its dividend cover on this basis in its 1983 and 1984 accounts.

Dr Butler had also disrupted Evered's claim that five of McKechnie's nine metals companies were loss-makers.

Evered said yesterday its information came directly from McKechnie's subsidiaries' accounts for the year ended July 1985 filed at Companies House.

## Profit forecast beaten at Cheshire Wholefoods

Cheshire Wholefoods, the Chester-based natural food company, yesterday unveiled virtually doubled full year taxable profits of £627,000—comfortably beating last November's USM flotation forecast of £550,000.

The result which compares with the previous year's £316,000, was attained on turnover 44 per cent ahead at £6.66m and was accompanied by the promised dividend of 1.54p. Earnings per share, on an adjusted basis, rose from 7.1p to 9.4p.

Mr Ian Thomson, the chairman, said that the year to end-March 1986 saw a number of new customer gains and the awarding of additional private label products to the company, though these would not be on stream until later in the current year.

The company's Fruit and Fibre Muesli, launched in November, exceeded sales targets and, together with increased sales of Deluxe Muesli, helped to lift the proprietary brand's share of turnover.

Mr Thomson commented that the USM quote had "enabled us to increase our visibility with both suppliers and customers"

Trading in the current year was ahead of budget, while 1987 should see sales generated from new machinery.

### ● comment

When Cheshire Wholefoods drew up the prospectus for its USM launch it assumed the new "Fruit and Fibre" muesli would be sold through Asdo and Asda alone. In fact the product sold like hot cakes through a wider number of retailers and profits have come out almost doubled and 14 per cent ahead of forecast. Still the company is scratching the surface of the total breakfast cereals market and even within the muesli market it probably has under 7 per cent. New products could change all that. The ability to coat flakes (of virtually anything) with opple, strawberry or whatever flavour is within Cheshire's reach and other ideas ore bubbling around. Sales should reach £8m this year and if profits do not get close to £900,000 there may be some explaining to do in 12 months time. So the prospective p/e, after a 33 per cent tax charge, is around 13½ at 160p. In thin trading the rating is fair enough and perhaps ona of tha giants may be tempted to go for young "David" eventually.

CONTINENTAL & INDUSTRIAL Trust raised net asset value per 25p share to 899.2p (743p) in the year to May 31 1986. Total revenue totalled £6.46m (£6.05m) and net revenue £3.95m (£3.58m) after tax of £1.93m (£1.97m). A final dividend of 15p makes e total of 22p (20p) net. Earnings amounted to 23.08p (20.92p).

AMBROSE INVESTMENT Trust will consider a suitable arrangement on the liquidation of the company by which capital shareholders will be offered the alternative of realising their

## Recovery at Brown & Jackson

Brown & Jackson, engaged in marketing and distribution, and commodity trading, yesterday reported a sharp recovery in taxable profits from £73,000 to £540,000 for the year 1985.

Turnover was considerably lower at £52.56m, against £136.48m, but produced an operating profit of £561,000 compared with £92,000.

Below the line, however, there were extraordinary debits of £141,000 (credits (£106,000). This arose from the provisions of costs associated with closure of Louis Israel (Footwear).

Premier Construction, the system building offshoot, made further steady growth and EGH (Holdings) had a good year. Orionfinch, the commodity trading subsidiary, recovered from heavy losses and made e modest profit.

The company said that the group continued to retain a sound liquid position. No dividend was declared due to inadequate distributable surplus revenue reserves — the last dividend paid was in 1982.

## Hillsdown purchase

Hillsdown Holdings, the food and furnishing manufacturer, has bought John Silver Holdings, frozen and fresh meat supplier, for £2.7m. Silver, a privately-owned London-based company with a £100m a year turnover, has given Hillsdown a warranty that its pre-tax profits for the current financial year will not be less than £270,000. Net asset value for Silver at June 1985 was £4.37m.

## Siebe/APV

Siebe, the safety products and engineering group which has launched a £216m takeover bid for APV, the process engineer, has increased its holding by 3.7 per cent to 26.4 per cent. Siebe's bid closes tomorrow.

## DIVIDENDS ANNOUNCED

| | Current Payment | Date of payment | Corre-sponding div. | Total for year | Total last year |
|---|---|---|---|---|---|
| A. G. Barr ..........int | 2.5 | — | 1.75 | — | 8.45 |
| Charles Baynes ......int | 0.3 | — | 0.55 | — | 1.55 |
| Cable & Wireless ...... | 6 | Oct 2 | 4.9 | 9.5 | 7.8 |
| Charter Consd ......... | 7.75 | Aug 7 | 7.25 | 11.5 | 11 |
| Cheshire Wholefoods | ‡1.54 | Aug | — | 1.54 | — |
| Continental & Indl ... | 15 | July 25 | 14 | 22 | 20 |
| Danae Inv Tst 2nd int | 3.15 | Aug 31 | 2.94 | 5.25 | 4.9 |
| Electronic Data ... int | ‡0.6 | — | — | — | — |
| Greycoat Group ...... | †1.25 | July 31 | 1 | 2.2 | 1.75 |
| MK Electric ............ | 7.4 | — | 6.8 | 10.8 | 10.2 |
| Moorgate Mercantile ... | †1.1 | Oct 1 | 1 | 1.6 | 1.45 |
| Morceau .......... int | 1.5 | July 31 | 1.2 | — | 3.7 |
| Newman Tonks ......int | 3 | — | 1.65 | — | 5.5 |
| Samuelson ............... | †1.6 | Oct 3 | 1.3 | 2.4 | 1.8 |
| Stainless Metalcraft int | ‡2 | July 30 | 2 | — | 4.2 |
| Wight Collins ........... | 3 | Oct 6 | 2 | 4.25 | 2.75 |
| Fuller Smith ........... | ‡5.2 | Aug 19 | 4.1 | 8.2 | 6.5 |
| Hardys & Hansons int | 5.6 | — | 5 | — | 16.9 |
| Eldridge Pope ......int | 3.25 | — | 2.4 | — | 5.9 |

Dividends shown in pence per share except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock.

# Exchange rates restrain Cable and Wireless rise

BY JASON CRISP

Cable and Wireless, which has exteosive overseas interests, yesterday revealed a 20 per cent rise to £295m in full year taxable profits despite the restraining effects of adverse currency movements.

The telecommunications group said that profits would have beeo £21m higher if exchaoge rates had been the same as the previous year. Turnover in sterling terms was just 5 per cent higher at £907m for the year to end-March 1986.

C and W's main activity is operating telephone networks for small countries and a high proportion of these have curreocies closely linked to the US dollar. In addition C and W disposed of several equipment and maintenance businesses in the UK and Europe.

Hong Kong continued to be C&W's largest source of revenues, accounting for 65 per cent of profits. C&W runs both the internal and interoational telecommunications in Hong Kong through two separate subsidiaries both 80 per cent owned.

Profitability rose sharply in the Far East. While revenues rose £39m to £490m in the Far East and Pacific, profits climbed by £40m to 198m£. The greet majority of those profits came from Hong Koog.

However, profits fell sharply in the Middle East and Africa where revenues also slipped by £4m to £80m. Part of this was tho result of lower traffic in some oil producing states. Another reason was a loss of 65 per cent of profits in the Yemen Arab Republic.

C&W has exclusive rights to all international calls from the Yemen. But following an agreement made in 1977 traffic to Saudi Arabia has been transferred to a government-owned microwave link. This accounts for about 80 per cent of international traffic from the Yemen.

Turnover in category "Projects and Europe" fell by £31m to £106m. This was partly because the first and largest phase of a communications project being conducted for the Saudi Arabian National Guard had been completed. Another reason was the sale of the UK and European equipment and computer maintenance subsidiaries.

Profits of projects and finance rose by £1m in spite of the fall in revenues. This was because some of the subsidiaries which were sold had been losing money and because C&W's five cable laying ships were busy.

In the UK, C&W made a loss of £16m on sales of £8m. Some £13m of the loss was attributable to Mercury Communications which is investing heavily in a communications network to compete with British Telecom. Mercury is still expected to be profitable in the financial year beginning April 1987.

Sales in the Western Hemisphere—the US and Caribbean—rose £34m to £223m and profits rose by £8m to £33m. The US accounted for revenues of about £100m.

Sir Eric Sharp, chairman and chief executive, said yesterday that the US was a very important part of C&W's strategy of linking the world's main economies with a global digital highway of optical fibres. C&W is investing in optical fibre cables crossing the Atlantic and Pacific oceans and across the US.

Capital expenditure for the year fel by £7m to £255m. C&W said it expected capital expenditure would rise close to £300m in the current year, financed internally.

Sir Eric Sharp, chairman of Cable and Wireless

C&W announced a final dividend of 6p bringing the total for the year to 9.5p, an increase of 22 per cent on last year the same as the rise in earnings per share which were 31.7p. The company also proposed a one-for-one scrip issue. Following last year's rights issue which coincided with the sale of the government's remaining holding C&W has £187m in cash.

See Lex

# Ferruzzi bid expected for S & W Berisford

By Lionel Barber

Ferruzzi, the Italian food and agricultural conglomerate, is expected today to outline a formal offer worth around £500m for S. & W. Berisford, the commodity trading group.

Mr Raul Gardini, chairman of Ferruzzi, is to hold a press conference in London where he is likely to announce the terms of the bid.

The press conference is part of a carefully-planned campaign by Ferruzzi to argue its case for taking control of Berisford's prize asset, British Sugar, the UK beet monopoly.

Two days ago, Ferruzzi's French subsidiary, Beghin Say, the big paper and sugar company, announced a FFr 502m (£46.7m) non-voting share issue aimed partly to back Ferruzzi's designs on British Sugar. Mr Jean-Marc Verees, chairman of Beghin Say, said his company intended to participate with Ferruzzi in any bid.

Ferruzzi holds a 23.7 per cent share stake in Berisford. It purchased an initial 9 per cent stake and then raised it when Hillsdown Holdings, the acquisitive food and furnishings manufacturer, withdrew its bid for Berisford, following a reference to the Monopolies Commission.

Ferruzzi, advised by Barclays Merchant Bank earlier this year, incurred hostility from the UK sugar farming community when it hinted it was interested in buying British Sugar. It is likely to have refined its arguments this time round.

Today, Mr Gardini is expected to concentrate on what he claims are the benefits of a wholesale reorganisation of the European sugar sector rather than simply an Italian bid for a British company. In addition, he is likely to explain how Ferruzzi intends to justify controlling 22 per cent of the European sugar quota (including British Sugar) to the UK and EEC competition authorities.

Ferruzzi faces opposition from Tate & Lyle, the UK sugar refiner, which has launched a £480m bid for Berisford. The bid has been referred to the Monopolies Commission and has subsequently lapsed.

Berisford, while welcoming interest from Ferruzzi, Tate & Lyle, and Hillsdown earlier this year, has shifted its stance significantly in recent weeks. Mr Ephraim Margulies, chairman, has stressed that he is intent on reducing the group's borrowing and on revitalising British Sugar. Last week Mr Gordon Percival, British Sugar's managing director, resigned after a long-running dispute with Mr Margulies on how best to improve profitability and on the subsidiary's degree of independence from the main board.

# All-round progress lifts Charter profit by 74%

WITH REVENUE op £5.5m and ioterest charges much lower, Charter Consolidated, a manufacturing, construction, mining and finance group, lifted pre-tax profits by 74 per cent from £16.52m to £28.75m for the year ended March 31, 1986.

The directors said the increase reflected cootinuing progress in reshaping the group, reducing the level of borrowing aod seeking higher returns on capital.

Progress had been made in all three areas during the past year, they said. Although more oeeded to be done (and was in hand) in civil engineering, the advances made by the operating companies in the manufacturing sector, where the bulk of operating capital was now invested, was encouraging. Profits in this sector of the continuing businesses rose from £13.82m to £22.44m, after allowing for the benefits of salo or closure of underperforming operations.

After tax of £8.97m (£7.47m) at a lower effective rate, net profits more than doubled from £9.05m to £19.79m. Earnings per 2p share climbed from 10p to 18.8p and the dividend raised to 11.5p (11p) net with a final of 7.75p.

Operating profits improved from £13.34m to £14.4m. Dividends and interest received rose from £8.61m to £11.54m. Profits from Rowe & Pitman were sharply higher and the payment of dividends was resumed by Johnson Matthey where excellent progress had been made in its continuing recovery, the directors said.

Profits from trading in securities increased, but overall surplus on realisations was little changed at £4.15m (£3.98m). Total revenue was £46.05m (£40.52m), while interest payable took a reduced £11.4m (£17.66m).

Extraordinary charges of £9.10m (£52.87m) reflected mainly the £5.8m loss provided for on the disposal of the NMS mining machinery division and Charter's £2.3m (£49.4m) share of extraordinary charges incurred by Johnson Matthey.

Group turnover was lower at £567.1m (£754.5m), but included £45.91m (£130.64m) for discontinued businesses.

Reviewing operations, the directors said that the main feature of the manufacturing sector was Anderson Strathclyde where operating profits jumped from £2.2m to £9.1m, with improved sales in export markets and also at home following the end of the miners' strike. Anderson returned a pre-tax profit of £3.61m (£3.35m loss).

Mining equipment profits were £11.02m (£2.89m) and elsewhere building products achieved profits of £6.26m (£5.94m), rail track equipment made £4.11m (£4.01m) and licensed trade equipment £1.06m (£0.98m).

Construction and related activities suffered increased losses of £5.34m (£1.55m), while mining profits declined from £7.41m to £1.27m. Financial and administrative services added £267,000 (£474,000), but there was an iocreased charge of £1.45m (£0.6m) for compensation for industrial disease.

In civil engineerіog and construction the return from iodustrial cootracting operations by Cape Industries was better. However, progress was made oo improving the returns in many parts of the Shand Group was obscured by the need to make a significant provision against the cost to completion of a contract in Oman and by losses in regiooal buildiog operations in Scotland and the South of England.

Steps have been taken throughout the Shand Group to reduce central overhead and operating costs, to close unprofitable units, to sell small operations and to strengthen management and control.

In mining the profitability of Beralt Tin and Wolfram was severely reduced by low wolfram prices arising from the excessive dumping of tungsten and tungsten products by Chinese exporters.

In coal contracting increased production was achieved in UK operations, but wet weather affected operations and difficult ground conditions continued to be experienced at two sites. In the US demand was lower compared with the previous year's very buoyant conditions leading to somo downward pressure on prices.

Net assets at the year end were £384.54m (£345.5m) or 366p (329p) per share.

See Lex

# Morceau advances to £1.7m

ALTHOUGH market conditions remained very competitive, Morceau Holdings, specialist fire protection group, has raised pre-tax profits by 31 per cent from £1.31m to £1.71m for the half year to March 31 1986. Turnover was 8 per cent higher at £7.42m, against £6.89m.

The directors said the results reflected good progress both in Hong Kong and the UK. They did not include a contribution from Aaronite, which became part of the group in March 1986.

The acquisition of Aaronite and the integration of the two businesses went smoothly. The commercial advantages outlined in the February circular to shareholders had already contributed to a strong orders on hand position, the directors said.

Prospects for obtaining major contracts had been enhanced by the larger international network and the combined reputation of the two groups.

After tax of £375,000 (£327,000) earnings per 10p share rose from 9.5p to 13p. The net interim dividend was stepped up by 25 per cent from 1.2p to 1.5p—last year's final was 2.5p on record £3.07m profits.

**● comment**

Morceau is precisely the sort of clearly defined, niche company that the City likes best and its shares have risen steadily since it first surfaced on the USM two years ago. The lucrative Hong Kong and Shanghai Bank contract in Hong Kong is now comploted, although a series of new projects have emerged to take its place, including the Oxford Street Plaza and Daily Telegraph building. Given that so high a proportion of its activities are directed towards the oil and gas industries, Morceau has been fortunate in emerging relatively unscathed from the oil price crisis. Exploration work is still buoyant, most of its contracts are negotiated on a long term basis, although new business may become more problematic. But the company has already noticed a contraction in maintenance work. Aaronite will be nursed into a negligible profit this year, but should make a more substantial contribution next year when Morceau will be able to take advantage of its internatiooal network. Profits should rise to £3.9m for the full year producing a prospective p/e of 11.5 on yesterday's share price of 345p. Meanwhile Morceau is scouting about for Aaronite - style acquisitioo opportunities.

# Marley in further US move

By Lionel Barber

Marley, the tiles and building products business, is stepping up its push into the US market.

One month after announcing the proposed $94m acquisition of General Shale Products Corporation, Marley said yesterday that it was buying out a US partner's 50 per cent interest in a concrete roof tiles company based in California.

Marley has reached agreement with The Celotex Corporation to take control of the manufacturing operation, which will be renamed Marley Roof Tiles Corporation. Payment has yet to be agreed, but is likely to be around $1m.

Marley plans to increase capacity at its two existing California plants to meet what it said was buoyant demand for its new light-weight tile, launched earlier this year.

# Expamet's £8m Thorn buy

BY TERRY POVEY

Expamet, the building, industrial and security products company has bought Metal Industries from Thorn-Emi for a cash consideration of £7.9m. To finance the purchase Expamet is making a one-for-four rights issue at 165p to raise £9.2m after expenses.

Metal Industries is based in France and has 380 employees. It manufactures hydraulic accumulators and high-pressure steel gas cylinders—the latter for use as fire extinguishers, gas transportation and sub-aqua diving cylinders.

In the year to March 1986, Metal Industries made an operating profit of £1.58m (£1.68m) on sales of £20.2m (£17.1m). Net assets at March 31 were £6.9m but Expamet's advisors, Lloyds Merchant Bank, believe that a revaluation will eliminate any goodwill element in the purchase.

Mr Jeremy Beasley, Expamet's chairman, said in a statement that the group's building products subsidiaries had started this year slowly although APT, the security arm, was performing strongly. The board has forecast a total dividend of 6.75p (5.6p) on the enlarged capital for 1986.

According to Expamet the Metal Industries acquisition will significantly expand the company's industrial product base and add a fourth core area which has good asset backing and is strongly cash generative. Last year the French company generated some £1.5m in cash.

In 1985, Expametal made pre-tax profits of £4.38m (£3.2m) on sales of £25m. The one-year-old security sector contributed the lion's share of the profits increase, contributing a maiden £1.23m.

If shareholders approve the acquisition when they meet on July 11, the net assets of the expanded group will, on a pro-forma basis, be £19.56m of which £14.6m will be contributed by Expametal and £6.9m by Metal Industries.

Expamet's shares closed last night down 4p at 196p.

## Scottish Mortgage debenture

Scottish Mortgage Trust is raising some £47m with the issue of £50m nominal of 6 to 12 per cent stepped interest debenture stock 2026 at £95.512 per cent.

Interest will be at the rate of 6 per cent for the period to June 30, 1987 and then will increase by one point a year to June 30, 1993 whereafter it will be fixed at 12 per cent until redemption.

Interest will be payable half yearly with the first dividend of £3.025 gross per cent paid at the end of this year.

James Capel is handling the issue.



## Borthwick talks

Thomas Borthwick, the international food, meat and trading group, said yesterday it was in discussions with various Australian meat processing companies about the future of some of its Australian meat processing and trading interest.

The company declined to elaborate, but the announcement follows press speculation that the businesses—which are substantial relative to Borthwick's size—might be sold.

Earlier this year the company sold its New Zealand operations, realising £20m, as part of a major restructuring.

# Godwin Warren hit by distribution problems

DISTRIBUTION PROBLEMS in North America together with rationalisation and expenditure on new product development adversely affected Godwin Warren Control Systems in the first half of 1986.

Revealing this at yesterday's AGM Mr David Simpson, the chairman and chief executive, went on to tell shareholders however that although the first half would not be profitable, the group would start to pull out of the trough and would be profitable for the year as a whole.

He said with a current strong order book and a satisfactory cash position the directors were confident that the second half recovery would continue in 1987.

Mr Simpson pointed out that tho distribution problems in the North American market caused the group to experience a trading gap which was just beginning to be filled. Significant potential orders were in the pipeline—the USM group supplies car parking systems and equipment together with railway and safety products.

A more comprehensive distribution network was being planned in North America and discussions on the formation of two joint venture companies, including one with a nationwide network in less sophisticated parking products, were at an advanced stage.

The meeting heard that rationalisation of group companies following acquisition had taken longer than hoped because problems encountered had been greater than expected.

Also, the updating of the existing product range and the continuing drive into new product areas had taken consirable resources.

The group's shares are traded on the USM. Yesterday they shed 3p at 117p. In 1985 pre-tax profits improved from £508,000 to £535,000, with the first half take up by £115,000 at £225,000.

# Fullers makes 33% advance to over £5m

Fuller, Smith & Turner yetsterday announced a 33 per ceot profits rise at the pre-tax level for the year to March 28, 1986. This USM-quoted brewer, and wine and spirit merchant based in Chiswick, London, achieved £5.01m (£3.77m) on turnover 12 per cent ahead from £36.21m to £40.64m. At the half-way stage it reported £2.29m (£1.79m) on sales of £19.6m (£17.46m).

The directors have recommended a final dividend of 5.2p (4.1p) to make an increased 8.2p (6.5p) total for the year. This will be paid from improved earnings of 40.78p (27.25p) per £1 share.

They have also proposed a one-for-one scrip issue, following a revaluation of the company's properties which disclosed a £22.59m surplus.

● Pre-tax profits at **Eldridge, Pope & Co** increased by 52 per cent to £1.43m against £939,000 for the six months eoding March 31 1986.

The interim dividend is lifted to 3.25p (2.4p). Stated earnings per £1 share improved from 7.1p to 11.4p, or, excluding the sale of property, to 10.2p.

● Nottingham-based brewer **Hardys & Hansons** lifted pre-tax profits by 16 per cent in the half year to April 4 1986. Sales for the period were 8 per cent ahead at £9.78m compared with £9.02m, and the pre-tax result came out at £1.69m (£1.46m).

The directors have improved the interim dividend by 0.6p to 5.6p, and earnings per 25p share pre-extraordinary credits of £34,000 (£59,000) were 21.2p (16.8p).

# Bid jeopardises jobs—Plessey

BY WILLIAM DAWKINS

Plessey yesterday claimed that large numbers of small high technology businesses would collapse, taking many thousands of jobs with them, if GEC's takeover bid were to succeed.

A report commissioned by Plessey from Tidek Management Consultants estimates that a GEC takeover would put 66 small or medium-size enterprises out of business or at risk of failure, inflict difficulties on another 116 and threaten up to 24,000 jobs.

The losses would occur mainly among companies with a high proportion of sales dedicated to supplying Plessey, says the report. Their work, it implies, would go to preferred GEC suppliers or be absorbed by existing in-house capacity at GEC. There would also be a knock-on effect to second- or third-line subcootractors.

The report was presented by the Conservative-backed Small Business Bureau and tho Union of Independent Companies, another lobby group, both of which argued that the GEC bid invited wider questions about UK competition policy.

"We are very worried about the spate of mergers going on and this is just one example," said Mr Michael Grylls, chairman of tho bureau.

"The rules of competition policy should include some protection for the interests of the small independent firm," he added.

A copy of the study has been sent to the Monopolies and Mergers Commission, which is expected to report on the merger plan next month, with an announcement on whether or not the deal can proceed expected from the Department of Trade and Industry in August.

Businesses most at risk, says the report, are those involved in machining and mechanical assembly, producers of custom electronic components, sub-contractors and printed circuit board makers.

The amount of work available will clearly remain the same, says Tidek, but local disruption would be considerable. There was also a risk that small business jobs could be lost to foreign competition or to large groups.

A copy has been sent to Mr James Prior, chairman of GEC, but the company said yesterday that it was not ready to make any commeot.

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# Borland oversubscribed

BY ALICE RAWSTHORN

WHILE the stags flocked towards the Thames Television flotation, Borland International, the Californian software house, announced yesterday that its USM offer for sale had been 1.05 times oversubscribed.

Borland's merchant bank, J. Henry Schroder Wagg, received 1,217 valid applications for 13.22m shares. The European investment institutioos, Banque Paribas and Prominvest which had preferential rights of application, will receive 2.65m shares and applications for up to 100,000 shares will be allotted in full, although applications for more than 100,000 shares will receive just 90 per cent of the shares applied for.

## Public Works Loan Board rates

Effective June 25

| Years | Quota loans repaid by EIP† % | Quota loans repaid A‡ % | Quota loans repaid at maturity§ % | Non-quota loans A* repaid by EIP† % | Non-quota loans A* repaid A‡ % | Non-quota loans A* repaid at maturity§ % |
|---|---|---|---|---|---|---|
| 1 | — | — | 9¾ | — | — | 10¼ |
| Over 1 up to 2 | 9¾ | 9¾ | 9¾ | 10½ | 10½ | 9¾ |
| Over 2 up to 3 | 9½ | 9½ | 9 | 10¼ | 10¼ | 9½ |
| Over 3 up to 4 | 9½ | 9¼ | 9 | 10¼ | 10¼ | 9½ |
| Over 4 up to 5 | 9¼ | 9 | 9 | 10¼ | 10 | 9¼ |
| Over 5 up to 6 | 9 | 9 | 9 | 10 | 9¾ | 9¼ |
| Over 6 up to 7 | 9 | 9 | 9¼ | 9¾ | 9¾ | 9¾ |
| Over 7 up to 8 | 9 | 9 | 9¼ | 9¾ | 9¾ | 9¾ |
| Over 8 up to 9 | 9 | 9 | 9¼ | 9¾ | 9¾ | 9¾ |
| Over 9 up to 10 | 9 | 9 | 9¼ | 9¾ | 9¾ | 9¾ |
| Over 10 up to 15 | 9¼ | 9¼ | 9¼ | 9¾ | 9¾ | 10 |
| Over 15 up to 25 | 9¼ | 9¼ | 9¼ | 9¾ | 10 | 10 |
| Over 25 | 9¼ | 9¼ | 9¼ | 10 | 10 | 10 |

* Non-quota loans B are 1 per cent higher in each case than non-quota loans A. † Equal instalments of principal. ‡ Repayment by half-yearly annuity (fixed equal half-yearly payments to include principal and interest). § With half-yearly payments of interest only.

# UK COMPANY NEWS

## Tibbett & Britten share offer gives £31.5m value

BY TERRY GARRETT

A £5m management buy-out of Tibbett & Britten Group, a leading clothing transportation company, from Unilever 18 months ago, has blossomed into a £10.9m offer for sale which will value the group at £31.5m.

Investors are being offered 9.14m shares at 120p each, of which 2.89m are coming from existing holders including 1m from 3i which is reducing its interest to a little over 15 per cent.

At the offer price the prospective p/e is pitched at 13.4 on an actual 36.25 per cent tax basis. The notional yield is 4.1 per cent.

T. & B pioneered hanging garment transportation for the retail sector in this country and has close links with Marks and Spencer which accounts for around 60 per cent of turnover.

The group can be broken down into four divisions: Transcare, National, International and Dartford Securities.

Transcare, by far the largest single operation, operates a dedicated hanging garment delivery service to M and S via e fleet of 160 vehicles and 250 custom built trailers in M and S livery.

Relations between retailer and haulier are described es "excellent" but in any case neither side can terminate the contract without two years notice. Terms will be jointly reviewed in 1988.

National is e similar transportation service but covers a broad range of retail and manufacturing clients including Asda, Littlewoods, Mothercare and Woolworth.

National has recently won a contract with Debenhams, starting September, to provide a hanging garment service and operate a central warehouse facility.

International, the smallest operation, provides an overseas garment carriage service.

The most recent development is Dartford born out of M and S's decision to sub-contract part of its warehousing and distribution support services. T & B is currently developing a 270,000 sq ft site at West Thurrock, Essex, at a cost of £7m. This is the principle reason for the cash raising exercise.

The first phase of Thurrock will be operational in September. In a full year it should contribute £6m to revenue and will handle a full range of goods apart from fresh and frozen food.

Agreement has been reached for T & B to establish a second regional centre. This will be financed from the group's own resources.

The financial record is marred by a £1m pre-tax loss in 1983 caused by the leap in costs associated with the creation of Transcare which also created significant exceptional restructuring costs in the two following years. The 1985 profit of £1.94m was struck after £453,000 of exceptionals.

The directors are forecasting not less than £3.25m for this year and a dividend of 2.3p. Had the company been quoted for a full year the payout would have been 3.5p.

After the issue the directors and senior management will hold 50.1 per cent.

Hill Samuel and James Capel are handling the offer.

### • comment

High street retailers seem increasingly willing to abdicate the relatively low margin and time consuming business of distribution to specialists which by their very nature can produce healthy returns. More and more of the big names will want to pass this particular baton to another runner and the fact that Burton has recently sent a team of accountants into Tibbett & Britten suggests that Mr Halpern might be considering more than the Debenhams contract. But just sticking to what T & B has got—and what it will get from the two regional centres for M and S—the built-in growth rate looks more than good enough to underpin the asking price. If there is a caveat it is that distributors have a high cost base and any cyclical downturn in clothing sales could be exaggerated at the profit level but that is beyond the time scale of this market. The price is attractively pitched—a p/e of around 15 would be right for the after-market.

## ERF back in profit and benefits ahead from new vehicle

THE ELIMINATION of exchange losses enabled ERF (Holdings) to swing from pretax losses of £444,000 to profits of £1.27m in the year to March 29 1986.

Mr Peter Foden, chairman of ERF

Exchange losses in 1984-85 amounted to £1.18m.

Turnover for the year under review fell from £72.8m to £71.08m but profits before interest and exchange fluctuations showed an improvement of £736,000 to £2.87m.

The group manufactures heavy commercial vehicles and plastics. In the current year trading levels to date have been somewhat depressed.

However, the directors said yesterday that with the introduction of the new E series vehicle range and better market conditions they expected the second half of 1986-87 to improve.

In the past year vehicle unit sales were marginally lower, but profitability in the vehicle division was substantially higher.

There was a small reduction in profitability from plastics due to strong competition.

Interest charges for 1985-86 rose from £1.4m to £1.6m. Earnings came through at 16.28p basic, against losses of 7.33p, and at 15.91p (6.96p losses) fully diluted.

There is no dividend—the last payment was in 1982.

## BOARD MEETINGS

TODAY

Interims: Adam Leisure, Bankers Investment Trust, Batt Brothers, Channing, Crest Nicholson, St Modwen Properties, Spayhawk.

Finals: Anglo Indonesian, BTP, Belgrave, Burtonwood Brewery, C. H. Industrials, Centrovincial Estates, Chillington Corporation, Hargreaves, Kewill Systems, James Latham, Stapahill, Walker and Staff, Wellman.

FUTURE DATES

Interims—

| | |
|---|---|
| Anglo United Development | June 27 |
| Arbuthnot Dollar Income Trust | June 30 |
| Briot Investments | June 27 |
| Glass Glover | July 7 |
| Kode International | July 1 |
| Willoughby's Consolidated | July 2 |
| Finals— | |
| Amalg. Financial Investments | July 2 |
| Bulgin (A. F.) | July 2 |
| Compoolt | June 30 |
| Ossjan | July 3 |
| Elbief | July 23 |
| Gresham House | June 30 |
| Lister | June 30 |
| Lonrho | July 3 |
| Pope | July 1 |
| Rexmore | July 25 |
| Stroud Riley Drummond | July 8 |
| United Leasing | July 14 |

## Samuelson advances to £5.5m

Samuelson Group, the London-based international supplier of equipment and services to the film, television, presentation and leisure industries, achieved good progress in the year ended March 31, 1986 with pre-tax profits up 56 per cent.

There was significant growth in all of the group's main areas of operation despite a downturn in UK feature film production. The acquisitions mede doring the year all performed ahead of expectations.

Profits, before tax, climbed from £3.55m to a record £5.54m, on turnover 31 per cent higher at £38.92m, against £29.62m. The directors said that for the current year they looked forward to substantial growth, both at home and overseas, in all areas of operations.

Earnings per 20p share, in 1985-86 were up 33 per cent from 13.15p to 17.45p, and the dividend lifted from 1.8p to 2.4p net, with a final of 1.6p on capital increased by November's £5.9m rights issue.

After tax of £2.12m (£1.46m), minorities and an extraordinary charge of £37,000 (£279,000 credit)—for closure costs of a subsidiary—attributable profits increased from £2.37m to £3.28m.

The group's film division increased pre-tax profits from £1.51m to £1.94m, on turnover of £11.46m (£12.07m). UK feature film production, which was buoyant during the first half of the 1985-86 year, weakened considerably in the second half and particularly in the second quarter.

A number of productions scheduled to take place were cancelled or postponed. This weakness continued into the first quarter of 1986-87, but the outlook for the remainder of the current year was said to be much brighter.

The directors said the presentation division had an excellent year, with profits and turnover doubled at £1.27m and £8.62m respectively. Acquisitions made last year were successfully integrated into this division and it now operates in two main areas—entertainment presentations and corporate/industrial presentations.

Overseas profits were up from £1.17m to £1.82m, on turnover of £11.96m (£7.53m). The French subsidiary suffered as a result of the prices and income's policy in force in France during 1985-86, but was now very busy. The Australian subsidiaries, John Barry Group and Jands Concert Productions, both had a good year.

The post year-end US acquisition, Victor Duncan, had been rationalised, curtailing certain low margin activities. In the current year, the company would be opening an operation in Atlanta, Georgia, which was expected to have a significant effect on its earnings.

Other divisions contributed an overall £522,000 (£241,000) profits from £6.88m (£5.71m) turnover.

## Newman Tonks profit on target

Newman Tonks Group, which successfully fought off a £65m bid from McKechnie Brothers earlier this year, raised its first half profits by £680,000 to £3.39m pre-tax.

Furthermore, the directors said the group was on target to achieve not less than £8.15m for the full year, the figure they forecast last March in a letter to shareholders advising them to reject McKechnie's offer.

In the half year to end-April 1986 turnover pushed ahead from £38.14m to £42.34m — the Birmingham-based group manufactures metal hardware.

Tax took £1.17m (£958,000) and left earnings at 4.97p (4.05p). In accordance with the forecast the net interim dividend is being stepped up from 1.65p to 3p. Shareholders have been promised a total of 7.2p (5.5p).

Extraordinary provisions rose to £909,000 (£181,000) and included the costs of defending the McKechnie bid amounting to £785,000.

The directors plan for taking the group forward encompasses acquisitions and divestments carefully selected to complement core businesses. It also includes proposals to expand world-wide sales through the development of joint venture companies and to reduce further the unit cost and improve the quality of the branded products for the specification market by further investment in modern facilities.

Their objective is to give shareholders an excellent return on assets and growth in earnings per share.

## Electronic Data 35% ahead and confident

A 35 per cent rise in pre-tax profits was recorded by Electronic Data Processing, computer equipment retailer and servicer, for the six months to March 31 1986.

The pre-tax result came out at £419,000 against £310,000 on turnover 51 per cent up at £3.18m (£2.11m), and with salee of the Mentor range of computers already well ahead compared with the first half, the directors view the outcome for the full year with confidence.

An interim dividend of 0.6p is being paid. Stated earnings per 5p share were up from 3.33p to 3.73p.

In March, the company's recommended offer to acquire Business Computer Systems was declared unconditional, and BCS's results for the period March 14 to March 31 1986 were incorporated into those of Electronic Data.

A full review of BCS'e activities was carried out and the directors decided to write some £1m off etocks of computer equipment due to technical obsolescence. This was done as at March 13 and did not affect the results reported as it was a pre-acquisition adjustment.

The group, which obtained a USM quote in September 1985, now has a combined user base of 4,000 computer installations end an annual turnover in excess of £13m, of which about £3m is derived from the maintenance of computer installations.

Tax for the half year took £170,000 (£147,000).

## Stainless Metalcraft midway surge

A strong increase in orders and productivity enabled Stainless Metalcraft to lift its first-half profits from £158,000 to £445,000 at the pre-tax level.

Turnover for the six months (to February 28 1986) pushed ahead by £729,000 to £2.97m—the USM group makes precision equipment and components.

Tax rose to £156,000 (£56,000) and earnings emerged at 5.8p (1.8p). The interim dividend is held at 2p net.

The directors said the group was currently processing orders totalling £1.25m from British Nuclear Fuels. They added that the commissioning of the two CNC machining centres, purchased for £750,000, was almost complete and that the resultant benefits would accrue in the 1986-87 year.

## A. G. Barr holds margins in a competitive market

SLIGHTLY HIGHER taxable profits of £1.6m, against £1.54m, were attained by A. G. Barr, the Tizer soft drinks group, in the half year to April 25 1986.

Turnover increased by 7 per cent from £15.79m to £16.89m in a market which remained extremely competitive. But trading margins were virtually maintained at 7.76 per cent by tight control on operating costs—interest received fell by £17,000 to £286,000.

Earnings per 25p share rose to 17.03p (14.35p), after tax down from £632,000 to £523,000. A higher interim dividend of 2.5p (1.75p) was declared. Last year's final dividend was 6.7p, and pre-tax profits were £3.2m.

During the remainder of the year, the company said it would obtain benefit from the closure in February 1986 of Leeds production facilities and the concentration of returnable bottle filling in England in factories at Atherton and Sheffield.

Trading et the start of the second half had to contend with the exceptionally wet weather during May.

Barr added that it was continuing to press for the necessary agreements and planning consents relative to plans to increase warehouse capacity at Glasgow and Atherton. But delays in achieving these at both locations made it doubtful when work could be commenced

## Scusa starts well

Shareholders at the annual meeting of Scusa Inc were told that 1986 had started well with manpower productivity improvements and facility integration plans progressing on or ahead of the planned rate.

Mr Brian O'Connor, chairman, said that key areas in which there had been productivity gains include customer service, response and sales.

## Yearlings

Yearling bonds totalling £0.75m at 9¼ per cent, redeemable on July 1 1987, have been issued by the following local authorities. Dartford District Council £0.5m: West Lancashire DC £0.25m.

# UK COMPANY NEWS

**Ian Hamilton Fazey** reports on the Stylo annual meeting

## British Land invades Ziff fortress

Stylo's Yorkshire stone headquarters looks like a fortress. It stands solidly on the towpath of the Leeds-Liverpool canal on the road between Bradford and Harrogate at Apperley Bridge. Battle was joined there yesterday.

The adversaries were the invaders from the south—in the shape of a five-man team from British Land, all armed to the teeth with awkward questions—and the Ziff family, principal owners and controllers of Stylo and its chain of 254 High Street shoe shops and 120 concessions through which Barratts shoes are also sold.

British Land, which failed last year with a tender offer for a large stake in Stylo, believes it could run the company better than the Ziffs. Last year Stylo lost £259,000 before tax on a turnover of just under £50m compared with a profit of £2.2m on £59m the year before. The Ziffs blame last year's poor summer and erratic winter for the downturn. As British Land's people made clear yesterday, they blame Ziff management.

Five Ziffs—Messrs Alwyn, Alan, Michael, Paul and their leader, the company chairman—dug in on the top table, flanked by non-family directors and advisers.

The invaders, led by directors Mr Cyril Metliss and Mr Stan Berwin in the absence of British Land chairman Mr John Ritblat, sat in a sea of politely hostile Ziff-supporting shareholders. They were in a minority of five and so employed a strategy of gentlemanly harassment throughout.

Mr John Ritblat (left) chairman of British Land, and Mr Arnold Ziff, chairman of Stylo.

British Land owns 25.4 per cent of the 19m "limited" ordinary shares in Stylo. Why the shares are limited is that they carry only one vote each and can never match the 960,000 management shares, held in equal portions by members of the Ziff family, each of which carries 16 votes.

Several central themes emerged:

Why had Stylo sold its Pennywise discount subsidiary when it contributed 42 per cent of last year's profit?

Why did the company spend £1.2m buying its own shares at 201p each when directors and Town Securities were buying at lower prices at around the same time?

Why did the two highest-paid directors receive pay rises of 60 and 49 per cent? Why was the company paying a dividend when it needed all the cash it could get to modernise its shops?

Mr Ziff remained unruffled throughout. The offer for pennywise was too good to refuse at £5.5m plus repayment of overdraft. The fact that directors had bought shares was an indication of faith in the company. The company had been authorised by the last AGM to buy shares and had done so at the price prevailing. Directors' pay rises, Mr Ziff said, were decided by a committee on the basis of rate for the job, inflation, and the previous year's results. As to dividend, last year's level was being maintained. He denied there was any problem of liquidity.

Mr Metliss accused Mr Ziff of "reckless" management. He had been consistently wrong in his profit projections for the last 10 years. Last May he had been predicting another record year. What had happened to that?

Mr Ziff blamed the weather. Stylo need long hot summers and early, severe winters to sell its fashion footwear and clothes. The weather made a difference of plus or minus 30 per cent on performance.

British land opposed the adoption of the report and accounts, the payment of a dividend and the re-election of Mr Alwyn Ziff and Mr Alan Ziff as directors, losing all three polls on a count of limited ordinary shares.

Afterwards, Mr Metliss said that a policy of harrassment would continue. The Ziffs' own money was not earning the returns it could and he hoped that the family would eventually bring British land in to help the company do better.

Mr Ziff was adamant that resistance would continue. Even if there were ever an intention to give up control he could not foresee British Land being allowed in on a "lockout" basis. Other companies would want to bid and the shareholders would get a better price in a competitive situation.

## Wight Collins hits £2.6m as business growth accelerates

THE Wight Collins Rutherford Scott (Holdings) advertising agency, which has grown in recent weeks via acquisitions both in the UK and the US, pushed its 1985-86 turnover up by £19.8m to £56.11m and saw its pre-tax profits surge from £1.48m to £2.61m.

Shareholders are to be rewarded with a higher dividend, a final of 3p lifting the net total by 1.5p to 4.25p net per 10p share.

The directors said growth in revenue and turnover in the year to April 30 1986 was attributable to increased business from existing clients and a steady stream of new clients which lifted income and profitability well in line with expectations.

They pointed out that the advertising agency WCRS enjoyed its best-ever year in terms of new client assignments and new work and added that in calendar 1985 it won business in excess of £25m. Moreover, in the first half of 1986 it added a further £25m of new business.

Biss Lancaster's first full year as a group member coincided with a surge of new business and as a result it reached the top 10 position in UK rankings.

Wight Collins, itself, became the second largest British-owned marketing services group after Saatchi & Saatchi by acquiring HBM-Creamer, a US advertising agency and public relations consultancy earlier this month for up to $50m (£33m). The group called on shareholders for £32m to fund the purchase.

FCO, a UK advertising agency with billing of some £20m, was also acquired earlier this month for a maximum £6.75m.

Gross income for 1985-86 improved from £5.59m to £9.33m but administration expenses took £2.65m more at £6.83m.

Tax accounted for £1.04m (£706,000) to leave earnings at 20.64p (11.74p) per share.

● **comment**

Thus far 1986 has been the year in which Wight Collins Rutherford Scott has finally persuaded the City to take it seriously. Hitherto WCRS has languished, alongside a motley assortment of marketing services companies, in the mainstream of the sector but a fertile new business record, combined with a stream of acquisitions culminating in this month's HBM-Creamer deal, has sent the share price soaring over the last six months to close 17p higher at 505p yesterday. Most of the £50m in new business won in the last year and a half will feed through to profit in the current financial year. Meanwhile, the acquisition of FCO should obviate the problems posed by client conflict in the past. HBM-Creamer was not the ideal US acquisition — WCRS has a great deal of work to do to polish its New York agency and consumer advertising activities before it can accommodate the sort of global accounts that Saatchi handles — yet it should contribute £4.4m to profit in 1986-87 and just under £8m in 1987-88. The City expects a surge in profits to £8.7m in 1986-87, producing a fully diluted p/e of 13 which seems suitable, for the short term at least.

## Greycoat expands by 15.5% to £4.6m

Greycoat Group, engaged in property investment and development, increased profits in the 1985-86 year by 15.5 per cent to £4.57m pre-tax.

Mr Geoffrey Wilson, the chairman, said that this had been another successful and productive year, and completed developments had been successfully leased. Profits in 1984-85 were £3.96m.

A higher final dividend of 1.25p (1p) was proposed yesterday, making an increased total of 2.2p (1.75p) on the capital enlarged by the £37m one-for-three rights issue in March. Earnings per share were 1p higher at 9.5p.

The profits were achieved despite more than quadrupled finance costs of £3.78m, against £859,000. Turnover was more than doubled at £9.17m (£4.32m).

In addition to the rights money, Greycoat fellowed with a £76m syndicated limited recourse bank facility for the reconstruction of Lutyens House.

● **comment**

Greycoat has done subscribers to its 207p-a-share, one-for-three rights issue in March proud. Adjusted for the issue the net asset value per share has risen by 15 per cent year-on-year and the shares now reflect this at 254p. However, the rise in asset value understates the group's worth, as the properties covered by the £350m development programme are carried in the books at cost rather than market values. The larger schemes in the pipeline include the £76m Lutyens House development in the City and the £100m Charing Cross office and urban renewal project (income from which will be split with British Rail.) Financing for these and future developments is likely to be through the limited recourse syndicated bank borrowing used for Lutyens. Provided the stock of investment properties contains suitable uncharged candidates for disposal in order to cover the repayment-rental income gap, the equity gain on Lutyens and Charing Cross when completion takes place in 1989-90 will all fall to Greycoat. In the meantime rental income growth depends on Leadenhall Street, the retail projects and the US ventures. An asset growth stock with a good record, Greycoat almost certainly deserves a premium to net asset values. And as by next March this is expected to reach 300p, the shares look cheap at present levels.

## Moorgate Mercantile tops £1m

Despite a rise of £836,000 in interest charges Moorgate Mercantile Holdings, engaged in instalment credit finance and leasing, raised its pre-tax profits above the £1m mark for the first time in the year to end-March 1986.

Earnings worked though slightly higher at 2.61p (2.55p) and a final dividend of 1.1p increased the total from 1.45p to 1.6p net per 10p share.

Turnover edged ahead to £25.82m (£24.59m) and profits before tax rose by £209,000 to £1.04m. Tax took £420,000 (£265,000).

## Charles Baynes in red

HIGHER THAN expected disposal costs pulled Charles Baynes £757,000 into the red at the attributable level in the first half of the 1985-86 year. This compared with a profit of £54,000.

In view of the losses, the board said it would not be prudent to recommend a same again dividend and declared a lower interim payment of 0.3p (0.55p). However, should the current level of profitability continue, and in the absence of unforeseen circumstances, shareholders could expect a final of at least 1p.

The company revealed yesterday that it was unable to sell its office cleaning and construction operations as going concerns. Their assets had to be sold "piecemeal." This resulted in a substantially higher than previously envisaged loss of £913,000.

At the pre-tax level profits £240,000, against £235,000. Turnover was £2.4m higher at £7.15m.

## UK ECONOMIC INDICATORS

**ECONOMIC ACTIVITY**—Indices of industrial production, manufacturing output (1980=100); engineering orders (1980=100); retail sales volume (1980=100); retail sales value (1980=100); registered unemployment (excluding school leavers) and unfilled vacancies (000s). All seasonally adjusted.

| | Indl. prod. | Mfg. output | Eng. order | Retail vol. | Retail value* | Unemployed | Vacs. |
|---|---|---|---|---|---|---|---|
| 1985 | | | | | | | |
| 1st qtr. | 106.5 | 103.2 | 104.4 | 113.4 | 133.9 | 3,128 | 153.6 |
| 2nd qtr. | 108.6 | 104.2 | 109 | 115.0 | 141.4 | 3,174 | 161.7 |
| 3rd qtr. | 108.6 | 104.0 | 101 | 116.2 | 145.2 | 3,179 | 164.4 |
| 4th qtr. | 108.5 | 103.7 | 105 | 116.6 | 177.7 | 3,174 | 168.2 |
| October | 108.2 | 103.8 | 98 | 115.0 | 149.8 | 3,173 | 172.6 |
| November | 108.5 | 103.5 | 105 | 117.4 | 164.3 | 3,167 | 170.0 |
| December | 107.4 | 104.2 | 111 | 117.3 | 219.4 | 3,184 | 162.1 |
| 1986 | | | | | | | |
| 1st qtr. | 109.0 | 102.5 | | 118.0 | 145.4 | 3,204 | 164.6 |
| January | 108.8 | 102.2 | 95 | 117.0 | 145.6 | 3,205 | 158.7 |
| February | 109.5 | 102.6 | 103 | 117.2 | 140.9 | 3,210 | 165.0 |
| March | 109.4 | 102.6 | | 119.8 | 148.6 | 3,199 | 168.8 |
| April | 110.6 | 104.4 | | 119.3 | 152.1 | 3,208 | 169.0 |
| May | | | | 118.4 | 3,299 | 171.1 | |

**OUTPUT**—By market sector; consumer goods, investment goods, intermediate goods (materials and fuels); engineering output, metal manufacture, textiles, leather and clothing (1980=100); housing starts (000s, monthly average).

| | Cnsmer. goods | Invest. goods | Intmd. goods | Eng. output | Metal mnfg. | Textile etc. | Housg. starts* |
|---|---|---|---|---|---|---|---|
| 1985 | | | | | | | |
| 1st qtr. | 103.1 | 102.5 | 110.0 | 102.7 | 110.3 | 99.9 | 12.8 |
| 2nd qtr. | 103.2 | 104.5 | 113.1 | 105.3 | 116.2 | 100.7 | 18.6 |
| 3rd qtr. | 104.7 | 102.2 | 112.5 | 103.6 | 115.2 | 103.7 | 17.1 |
| 4th qtr. | 104.2 | 103.0 | 112.8 | 103.3 | 110.6 | 102.8 | 15.6 |
| October | 103.2 | 102.2 | 113.7 | 102.0 | 111.0 | 103.0 | 19.5 |
| November | 104.8 | 102.4 | 115.9 | 103.0 | 112.0 | 106.0 | 16.5 |
| December | 104.6 | 104.4 | 110.4 | 105.0 | 109.0 | 103.0 | 10.8 |
| 1986 | | | | | | | |
| 1st qtr. | 102.7 | 101.7 | 115.1 | 102.4 | 106.2 | 101.5 | 14.5 |
| January | 101.5 | 101.5 | 112.5 | 102.0 | 106.0 | 102.0 | 13.8 |
| February | 103.6 | 101.4 | 115.8 | 102.0 | 106.0 | 103.0 | 12.7 |
| March | 103.0 | 102.2 | 115.7 | 103.0 | 107.0 | 101.0 | 16.8 |
| April | 104.4 | 104.0 | 116.4 | 105.0 | 108.0 | 102.0 | 18.1 |

**EXTERNAL TRADE**—Indices of export and import volume (1980=100); visible balance; current balance (£m); oil balance (£m); terms of trade (1980=100); official reserves.

| | Export volume | Import volume | Visible balance | Current balance | Oil balance | Terms trade | Resv US$bn* |
|---|---|---|---|---|---|---|---|
| 1985 | | | | | | | |
| 1st qtr. | 118.6 | 126.6 | −1,306 | −374 | +1,958 | 96.1 | 13.53 |
| 2nd qtr. | 120.5 | 124.8 | −124 | +1,333 | +2,411 | 97.8 | 14.32 |
| 3rd qtr. | 116.3 | 124.1 | −458 | +1,072 | +1,900 | 100.2 | 14.18 |
| 4th qtr. | 118.9 | 127.4 | −235 | +921 | +1,893 | 101.6 | 15.54 |
| October | 118.8 | 126.0 | +7 | +334 | +754 | 101.0 | 16.24 |
| November | 118.5 | 128.6 | −214 | +112 | +649 | 102.1 | 15.98 |
| December | 119.4 | 127.3 | −18 | +475 | +491 | 101.7 | 15.54 |
| 1986 | | | | | | | |
| 1st qtr. | 117.4 | 126.1 | −1,400 | +800 | +1,904 | 101.0 | 15.88 |
| January | 118.7 | 129.3 | +155 | +1,135 | +887 | 101.7 | 15.90 |
| February | 120.7 | 125.8 | −344 | +256 | +678 | 100.7 | 15.90 |
| March | 112.7 | 132.2 | −1,211 | −611 | +330 | 100.7 | 16.25 |
| April | 122.2 | 121.9 | −191 | +400 | +337 | 101.7 | 18.90 |
| May | | | | | | | 19.20 |

**FINANCIAL**—Money supply M0, M1 and sterling M3, bank advances in sterling to the private sector (three months' growth at annual rate); building societies' net inflow; HP†, new credit; all seasonally adjusted. Clearing Bank base rate (end period).

| | M0 % | M1 % | M3 % | Bank advncs. % | BS inflow £m | HP lending† £m | Base rate % |
|---|---|---|---|---|---|---|---|
| 1985 | | | | | | | |
| 1st qtr. | 2.2 | 6.7 | 9.1 | 15.2 | 1,511 | 3,100 | 12.50 |
| 2nd qtr. | 5.1 | 22.4 | 20.4 | 19.2 | 1,523 | 3,082 | 12.50 |
| 3rd qtr. | 5.5 | 15.4 | 11.6 | 17.5 | 1,771 | 3,374 | 11.50 |
| 4th qtr. | 1.4 | 25.1 | 17.8 | 17.7 | 2,299 | 3,431 | 11.50 |
| October | 1.5 | 24.9 | 19.8 | 18.7 | 796 | 1,144 | 11.50 |
| November | 2.9 | 21.5 | 20.4 | 17.6 | 628 | 1,095 | 11.50 |
| December | 2.7 | 20.1 | 14.2 | 17.0 | 865 | 1,192 | 11.50 |
| 1986 | | | | | | | |
| 1st qtr. | 6.5 | 9.9 | 10.7 | 12.2 | 2,220 | 7,260 | 11.50 |
| January | 9.3 | 14.6 | 11.1 | 11.4 | 770 | 2,734 | 12.50 |
| February | 4.6 | 5.5 | 6.5 | 9.1 | 793 | 2,210 | 12.50 |
| March | 5.1 | 8.2 | 14.3 | 16.4 | 657 | 2,216 | 11.50 |
| April | 0.3 | 21.5 | 28.6 | 28.5 | 756 | 2,757 | 11.50 |
| May | 2.5 | −42.5 | 32.4 | 27.9 | 500 | | 10.00 |

**INFLATION**—Indices of earnings (Jan 1980=100); basic materials and fuels, wholesale prices of manufactured products (1980=100); retail prices and food prices (Jan 1974=100); FT commodity index (July 1952=100); trade weighted value of sterling (1975=100).

| | Earnings* | Basic matls.* | Whsale. mnfg.* | RPI* | Foods* | FT* cmdty. | Strlg. |
|---|---|---|---|---|---|---|---|
| 1985 | | | | | | | |
| 2nd qtr. | 170.2 | 136.8 | 139.4 | 375.3 | 339.4 | 278.12 | 78.9 |
| 3rd qtr. | 174.4 | 133.1 | 140.2 | 376.3 | 335.5 | 251.12 | 82.2 |
| 4th qtr. | 176.9 | 132.6 | 141.4 | 378.1 | 337.4 | n/a | 78.6 |
| October | 172.9 | 134.7 | 141.0 | 377.1 | 335.5 | 249.46 | 80.4 |
| November | 176.8 | 132.1 | 141.5 | 378.4 | 337.4 | n/a | 80.0 |
| December | 180.6 | 134.7 | 141.9 | 378.9 | 339.4 | n/a | 79.1 |
| 1986 | | | | | | | |
| 1st qtr. | 179.1 | 132.6 | 143.4 | 380.8 | 343.3 | n/a | 75.1 |
| January | 176.9 | 135.0 | 142.7 | 379.7 | 341.1 | n/a | 76.6 |
| February | 177.9 | 132.5 | 143.3 | 381.1 | 342.6 | n/a | 74.2 |
| March | 182.4 | 129.4 | 144.3 | 381.6 | 345.2 | n/a | 74.6 |
| April | 184.1 | 127.5 | 145.5 | 385.3 | 347.4 | n/a | 76.3 |
| May | | 127.9 | 145.8 | 386.0 | 348.8 | n/a | 76.1 |

* Not seasonally adjusted.

† From January 1986 includes amounts outstanding on credit cards.

# LONDON RECENT ISSUES

## EQUITIES

| Issue Price | Amount Paid up | Latest Renunc. Date | 1986 High | 1986 Low | Stock | Closing Price | + or – | Net. Div. | Times Cov'd | Gross Yield | P.E. Ratio |
|---|---|---|---|---|---|---|---|---|---|---|---|
| §125 | F.P. | 24/7 | 142 | 136 | ♦Accord Publications 5p | 142 | ...... | Rd3.1 | 2.6 | 3.1 | 17.9 |
| 150 | F.P. | 30/6 | 151 | 138 | Alumasc Group | 147 | –3 | R5.85 | 2.5 | 5.6 | 10.2 |
| 115 | F.P. | 11/7 | 183 | 155 | Arlington Sec. 10p | 183 | +3 | 61.7 | 4.3 | 1.3 | 25.0 |
| 150 | F.P. | 20/6 | 161 | 148 | Barker (Charles) 5p | 150 | ...... | u3.8 | 3.1 | 2.8 | 16.3 |
| 147 | F.P. | 4/7 | 140 | 130 | Blick 5p | 137 | ...... | R3.4 | 3.1 | 3.5 | 13.1 |
| 145 | F.P. | 25/7 | 175 | 160 | Bredero Props | 162 | ...... | R4.25 | 2.3 | 3.7 | 13.8 |
| §60 | F.P. | 20/6 | 61½ | 54 | ♦Brit. Isl. Airways 10p | 56 | ...... | bd2.82 | 2.1 | 7.1 | 7.8 |
| §110 | F.P. | 18/7 | 115 | 105 | ♦C'bell & Armstrong 5p | 105 | –5 | u3.91 | 1.9 | 5.2 | 13.4 |
| §130 | F.P. | 4/7 | 167 | 150 | ♦Clarke Hooper 5p | 151 | ...... | b2.3 | 2.9 | 2.2 | 22.7 |
| §84 | F.P. | — | 91 | 85 | ♦Coated Electrodes 5p | 91 | +5 | u3.9 | 1.6 | 6.8 | 14.2 |
| §125 | F.P. | 6/6 | 138 | 123 | Comp. Lease Fin. 50p | 125 | –2 | L1.35 | 3.9 | 1.5 | 18.8 |
| 107 | F.P. | 27/6 | 131 | 113 | Dalepak Foods 5p | 128 | ...... | R2.3 | 3.2 | 2.5 | 17.4 |
| §155 | F.P. | 6/6 | 232 | 172 | ♦Davies (D.Y.) 5p | 219 | ...... | u3.4 | 2.7 | 2.2 | 23.1 |
| §50 | F.P. | 11/6 | 62 | 50 | ♦Dean & Bowes 5p | 62 | ...... | L2.5 | 1.5 | 5.7 | 16.7 |
| §130 | F.P. | 6/6 | 151 | 133 | ♦Deblor 10p | 137 | +1 | u4.0 | 2.7 | 4.1 | 12.9 |
| §58 | F.P. | 4/7 | 63 | 59 | Denistron Intl 5p | 63 | ...... | u1.65 | 2.1 | 3.7 | 16.1 |
| §39 | F.P. | 27/6 | 42 | 32 | ♦Eadie | 40 | –1 | R1.75 | 2.0 | 6.2 | 9.7 |
| 120 | F.P. | 17/7 | 125 | 111 | Evans Halshaw | 120 | –2 | u3.38 | 3.1 | 6.5 | 7.9 |
| 140 | F.P. | 4/7 | 130 | 120 | ♦Fields(Mrs)Inc$0.05 | 120 | ...... | R04.5c | 2.6 | 2.6 | 15.2 |
| 150 | F.P. | 25/6 | 155 | 150 | Guthrie Corp | 153 | ...... | u5.3 | 2.2 | 4.9 | 9.8 |
| 140 | F.P. | 20/6 | 150 | 141 | Haggas (John) 10p | 142 | ...... | ud3.0 | 3.2 | 3.0 | 19.7 |
| §85 | F.P. | — | 93 | 90 | ♦Hodgson Hldgs 5p | 91 | ...... | R2.13 | 2.3 | 3.3 | 16.5 |
| 104 | F.P. | — | 118 | 90 | Jurys Hotel | 102 | ...... | u3.75 | 2.1 | 5.2 | 11.3 |
| 145 | F.P. | 16/7 | 130 | 125 | Lopex 5p | 128 | +1 | R4.0 | 2.3 | 4.4 | 13.1 |
| §‖ | F.P. | — | 62 | 49 | Merlin Int'l Props | 53 | ...... | a0.58 | 2.0 | 1.5 | 39.3 |
| 157 | F.P. | 26/6 | 157 | 145 | ♦Monotype Corpn 10p | 153 | –3 | R4.4 | 1.6 | 4.1 | 15.2 |
| 165 | F.P. | 18/6 | 190 | 170 | P-E International 10p | 180 | ...... | 1.8 | 3.4 | 1.4 | 29.0 |
| §100 | F.P. | 27/6 | 105 | 103 | ♦Savage Group 20p | 104 | ...... | R3.0 | 2.5 | 4.1 | 11.8 |
| §165 | F.P. | — | 184 | 178 | ♦Smallbone 10p | 178 | ...... | u5.0 | 2.1 | 4.0 | 16.6 |
| — | F.P. | — | 43 | 43 | Smith Newcourt War'ts. | 43 | ...... | — | — | — | — |
| §40 | F.P. | 31/7 | 42 | 37 | ♦Soundtracs 5p | 37 | –1 | 61.2 | 2.8 | 4.6 | 11.0 |
| §95 | F.P. | 25/7 | 110 | 104 | ♦Task Force 5p | 104 | –2 | RL.75 | 3.8 | 2.4 | 15.4 |
| 112 | F.P. | 8/8 | 121 | 116 | Tenby 50p | 115 | +2 | u4.0 | 2.6 | 4.8 | 9.2 |
| §100 | F.P. | 23/6 | 102 | 91 | ♦Usher (Frank) 5p | 93 | ...... | u4.5 | 1.9 | 6.8 | 11.1 |
| §110 | F.P. | 26/6 | 152 | 123 | ♦Worcester 10p | 152 | +1 | u3.91 | 2.2 | 3.6 | 15.0 |

## FIXED INTEREST STOCKS

| Issue Price £ | Amount Paid up | Latest Renunc. Date | 1986 High | 1986 Low | Stock | Closing Price £ | + or – |
|---|---|---|---|---|---|---|---|
| ‖ | Nil | 5/8 | 11pm | 4pm | Amari 8% Cum. Conv. Red. Pref. | 4pm | –1½ |
| §97.947 | £25 | — | 26¼ | 25¼ | Bankers Inv. Tst. 10½% Deb. 2016 | 26¼ | +¼ |
| §99.50 | OO | 28/8 | 9¼ | 9 | Bristol Water 9.8% Red Deb '96 | 9 | ...... |
| §99.256 | £30 | 29/8 | 30⅛ | 27⅞ | Brit. Alcan Aluminium 10⅞% Deb. 2011 | 27⅞ | +⅛ |
| ¶¶ | F.P. | — | 99½ | 97 | Brit. Emp. Secs. 10½% Deb. 2011 | 98 | ...... |
| §94.203 | £25 | 31/10 | 25⅝ | 23⅛ | Brixton Est. 9.5% 1st Mort Deb 2026 | 24 | +¼ |
| 109.89 | £40 | 29/8 | 40 | 37⅞ | Estates & Gen. 11¼% 1st Deb. 2018 | 38 | +½ |
| §94.45 | £30 | 31/10 | 30⅛ | 29⅞ | European Inv. Bank 9% Ln 2001 | 3⅛ | +¼ |
| ‖ | Nil | 4/8 | 7½pm | 5pm | Friendly Hotels 5% Conv. Cum Red. Pref. | 5pm | ...... |
| 97.963 | £25 | 24/10 | 25⅞ | 20⅝ | Gt. Portland 9½% 1st. Mort. Deb. 2016 | 21 | +⅛ |
| 105.523 | £25 | 21/8 | 26 | 20⅝ | Land Securities 10% 1st. Mort. Deb.25 | 21⅛ | +½ |
| §99.951 | £40 | 14/7 | 42 | 37 | Lon. Prov. Shop 10% 1st. Mtg. Deb. 2026 | 37¼ | +¼ |
| §99.793 | £25 | 24/9 | 24⅝ | 21½ | Lon. Shop Prop. 10% 1st. Mort. Deb. 2026 | 22¼ | +¼ |
| — | F.P. | — | 100⅛ | 99¾ | Nationwide 9⅝ 25/6/87 | 99⅞ | ...... |
| §97.50 | F.P. | 11/7 | 97⅛ | 97 | Paribas Concorde Tst.9.364% Deb. 1991 | 97 | ...... |
| §99.623 | £40 | 30/6 | 41¼ | 36 | Peel Hldgs. 9⅞% 1st. Mort. Deb. 2011 | 36¼ | +¼ |
| §87.179 | £30 | 26/9 | 30⅞ | 28⅜ | Portugal 9% Ln. 2016 | 29⅞ | +⅜ |
| §99.888 | £40 | 1/8 | 44 | 39½ | Queens Moat 10¼% 1st. Mort. Deb 2020 | 39¾ | ...... |
| §105 | £50 | 10/10 | 46 | 44½ | Smith New Court 12pc Uns. Ln. 2001‡‡ | 45½ | –½ |
| §99.480 | £25 | 18/7 | 31⅛ | 24¾ | S.E. 10⅛% Mort. Deb. 2016 | 25 | ...... |
| §99.50 | £10 | 28/8 | 9¼ | 5 | Sund. & S. Shields Wtr 9.8% Rd Db '96 | 5 | ...... |
| §48.835 | F.P. | 15/8 | 48⅝ | 47⅞ | Tesco 4% Uns Deep Dis Ln 2006 | 48⅛ | +¼ |
| ¶¶ | F.P. | — | 125p | 112p | Tomkins (F.H.)5.6% Cum. Cnv Red. Prf | 125p | ...... |
| 99.073 | £25 | 8/8 | 25¼ | 23⅛ | Taos Est. 10¼% 1st. Mort. Deb. 2011/16 | 23¼ | +⅛ |
| ¶¶ | F.P. | — | 106p | 104p | Williams Hldgs. 5¼% Cum. Conv. Red. Pref. | 105 | ...... |
| £100 | £50 | 12/9 | 50¼ | 47½ | Wiam Inv. 8½% Deb 2016 | 48 | +⅛ |

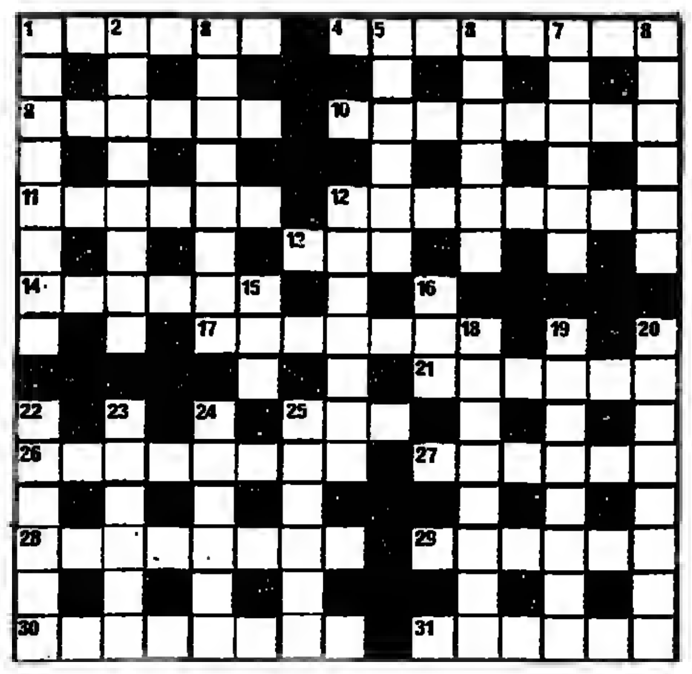
## "RIGHTS" OFFERS

| Issue Price | Amount Paid up | Latest Renunc. Date | 1986 High | 1986 Low | Stock | Closing Price P | + or – |
|---|---|---|---|---|---|---|---|
| 40 | Nil | — | 11pm | 8pm | Anglo African Far. 7½p | 8pm | –1 |
| 470 | Nil | — | 200pm | 112pm | Antofagasta Hldgs. £1 | 112pm | ...... |
| 110 | F.P. | 11/7 | 139 | 132 | Britannia Arrow | 138 | ...... |
| 190 | Nil | 8/8 | 45pm | 28pm | Clifford's Dairies | 28pm | ...... |
| 170 | Nil | 8/8 | 27pm | 22pm | Db A N/V | 22pm | ...... |
| 880 | Nil | — | 140pm | 135pm | De la Rue | 140pm | +5 |
| 30 | F.P. | 18/7 | 41 | 34 | Feedex Agricultural 10p | 35 | ...... |
| 47 | Nil | 15/8 | 11pm | 9pm | Five Oaks Invs. | 9pm | ...... |
| 300 | F.P. | 24/7 | 345 | 328 | Gerrard & Natl. | 328 | ...... |
| 235 | F.P. | 18/7 | 263 | 240 | Lep. Group 2p | 243 | ...... |
| 235 | F.P. | 11/7 | 262 | 247 | McCarthy & Stone 20p | 255 | ...... |
| 45 | F.P. | 11/7 | 95 | 88 | Molynx 20p | 90 | ...... |
| 200 | Nil | 18/7 | 305pm | 250pm | Nat West Bank £1 | 292pm | +7 |
| 18 | F.P. | 23/7 | 23 | 19 | Neil & Spencer 10p | 22 | ...... |
| 50 | Nil | — | 12pm | 10pm | ♦Pineapple Dance Studios 10p | 12pm | +2 |
| £14 | Nil | — | 500pm | 500pm | Priest Marians £1 | 500pm | ...... |
| 2 | F.P. | 15/7 | 4¼ | 2¼ | ♦Property Trust 'A' 1p | 4¼ | ...... |
| 600 | F.P. | 22/7 | 845 | 748 | Prudential Corp | 845 | +13 |
| ½ | Nil | 11/7 | 2½pm | 1¼pm | Rotaprint ½p | 2½pm | ...... |
| 285 | Nil | 6/8 | 50pm | 43pm | Scottish TV 10p | 50pm | ...... |

Renunciation date usually last day for dealing free of stamp duty. a Annualised dividend. o Figures based on prospectus estimates. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. F Forecast dividend cover on earnings updated by lastest interim statement. H Dividend and Yield based on prospectus or other offical estimates for 1987. L Estimated annualised dividend, cover and p/e based on latest annual earnings. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. 1 Indicated dividends; cover relates to previous dividend; p/e ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. ¶ Issued by tender. E Offered holders of ordinary shares as a "rights." ‖‖ Introduction. ** Issued by way of capitalisation. § Placing price. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or takeover. ■ Allotment price. ♦ Unlisted securities market. ‡ Dealt in under Rule 535 (3). ♥ Dealt in under 535 (4) (e) †† Official London listing. ‡‡ Including warrants entitlement.

# F.T. CROSSWORD PUZZLE NO. 6,057

VIXEN



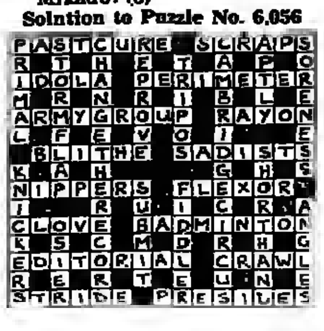
### ACROSS

1 Believe it's about a record in performance (6)
4 Immersed, stirred, and gently cooked (8)
9 Paddy's cool (8)
10 Energetic spell, the top man (8)
11 Book about a retrogressive Communist (6)
12 Inattentive, having no schedule (8)
13 A sailor—in fact a real sea-dog (3)
14 Comes down, though there's only slight change (6)
17 A university man in debt's hacked but cut (7)
21 549 at one point, and that's swell! (8)
25 A craft for a simpleton (3)
26 New trade he's organised will get capital support (4-4)
27 The composition of paint? (4-2)
28 Altering odd characters may be essential (8)
29 Air filter (8)
30 Put an end to alien pocketing pounds (8)
31 In general people agree certain changes are needed in this country (8)

### DOWN

1 Behind everyone else, despite every consideration (5, 3)
2 Drive a camping convertible (8)
3 Final words about dislike for gratuities (8)
5 Weaken and look after a naughty child (6)
6 A note written in a moment? (6)
7 Annoyed about article, so was abusive (8)
8 One gets possibly under five hundred to assimilate (6)
12 Beat a medical man in the end (7)
15 A pen carried by most youngsters (3)
16 Bright colour is not for progressive people! (3)
18 Diana's bloomer may well result in catastrophe (8)
19 Inexperienced motorist—one on a charge for causing damage (8)
20 Persons upset over egghead's retort (8)
22 Seating for church displays (6)
23 The minister spent gold (8)
24 Yank on a fiery beast (8)
25 "Her terrible tale you can't ...... with truth it quite agrees." Gilbert (The Mikado) (6)

Solution to Puzzle No. 6,056



# AUTHORISED UNIT TRUSTS

# FT UNIT TRUST INFORMATION SERVICE

# AUTHORISED UNIT TRUSTS & INSURANCES

**Wardley Unit Trust Managers Ltd (a)**
Wardley House, 7 Devonshire Sq, EC2 01-929 1532

| | | | | |
|---|---|---|---|---|
| American T.t. | 65.9 | 70.4 | +0.3 | 1.6 |
| Far East & Gen T.t. | 90.2 | 95.9 | +0.5 | 1.0 |
| Intl. Growth T.t. | 67.4 | 71.8 | -0.2 | 0.8 |
| Income T.t. | 80.5 | 86.1 | +0.2 | 5.0 |
| Japan Growth Tst | 110.2 | 118.5 | +1.5 | 0.2 |
| Small Cos. T.t. | 116.8 | 125.2 | -0.8 | 1.9 |
| Technology T.t. | 33.7 | 36.2 | | 0.2 |
| Australia Trust | 40.3 | 43.3 | -1.7 | 1.8 |
| UF Trust | 127.2 | 135.4 | +0.3 | 2.8 |
| European Growth T.t. | 48.2 | 51.3 | +0.3 | 1.2 |
| Hong Kong Tst | 20.5 | 21.8 | | 1.5 |

**Waverley Asset Management Ltd (a) (c) (g)**
13 Charlotte Sq, Edinburgh 031-225 1551

| | | | | |
|---|---|---|---|---|
| Australasian Gold | 15.9 | 16.9 | | 0.15 |
| Pacific Basin | 14.2 | 15.1 | | 0.2 |
| Canadian Bal'd Growth | 61.9 | 66.1 | ... | 0.95 |
| Cmmdty Mar | 99.0 | 103.1 | | 7.9 |

**WestAcon Unit Trust Managers Ltd(o)(E)**
9 Portland Square, Bristol BS2 8SS 0272 428431

| | | | | |
|---|---|---|---|---|
| British Smllr Cos | 54.8 | 58.4 | -0.2 | 1.50 |
| British Growth | 66.1 | 68.9 | ... | 1.75 |
| British Income | 65.0 | 66.8 | | 4.75 |
| British Extra Yield | 52.2 | 53.7 | +0.6 | 6.50 |

**Whittingdale Unit Trust Managers**
2 Honey Lane, London EC2V 8BT 01-606 9085/6

| | | | | |
|---|---|---|---|---|
| Short Dtd Gilt Fd | 67.4 | 60.4 | +0.1 | 0.59 |
| U.S. Govmt Bond F | 50.502 | 0.5040 | | — |

**Windsor Trust Mngrs Ltd**
83 Kingsway, London, WC2B 6SD 01-405 8331

| | | | | |
|---|---|---|---|---|
| Combl & Equity T.t. | 49.4 | 52.6 | +0.1 | 7.57 |
| Growth Trust | 51.1 | 54.3 | | 3.26 |
| Income Trust | 54.9 | 58.5 | +0.2 | 5.06 |

**Wright Seligman Fund Managers Ltd**
11 Blomfield St, London EC2M 7AY 01 588 0592

| | | | | |
|---|---|---|---|---|
| Growth Fund | 68.0 | 71.5 | +0.7 | 3.64 |

Weekly dealing day Tuesday

**The Yorkshire General Trust**
Woodsome Pk, Fenay Bdge, Huddersfield 0484 602250

| | | | | |
|---|---|---|---|---|
| Y.G.T. | 120.2 | 127.9 | +0.2 | 3.46 |

# INSURANCES

**Cannon Assurance Ltd—Continued**

| | | | | |
|---|---|---|---|---|
| India | 113.4 | 120.0 | | — |
| Far East | 164.7 | 174.1 | -1.4 | — |
| Global | 94.8 | 100.7 | -0.1 | — |
| European | 95.5 | 101.1 | -0.1 | — |
| Japan | 98.9 | 104.7 | +1.3 | — |

**2nd Series Pension Accumulation**

| | | | | |
|---|---|---|---|---|
| Equity | 488.2 | 516.6 | -0.5 | — |
| High Income | 321.7 | 340.4 | -0.6 | — |
| Property | 277.1 | 293.3 | | — |
| Managed | 335.5 | 355.0 | -1.0 | — |
| Deposit | 248.7 | 263.2 | -1.9 | — |
| Gilt | 256.8 | 271.7 | +3.9 | — |
| American | 388.2 | 410.8 | -4.8 | — |
| International Index | 252.6 | 261.3 | -0.5 | — |
| India | 124.0 | 131.2 | | — |
| Far East | 177.0 | 188.0 | -1.7 | — |
| Global | 94.6 | 100.4 | -1.1 | — |
| European | 95.7 | 101.3 | -7.0 | — |
| Japan | 100.1 | 105.9 | +1.6 | — |

**Other Funds**

| | | | | |
|---|---|---|---|---|
| Equity Units | | 66.90 | -0.06 | — |
| Property Units | | 21.07 | | — |
| Equity Bond/Exec | 41.94 | 47.85 | -0.03 | — |
| Property Bond/Exec | 28.40 | 30.05 | | — |
| Balanced Bond/Exec | 33.25 | 35.19 | -0.07 | — |
| L&E SIF 1 | 110.0 | 115.5 | | — |
| L&E SIF 2 | 71.5 | 75.5 | | — |

**City of Edinburgh Life Assurance**
46 Charlotte Sq, Edinburgh EH2 4HQ 031-225 1655

| | | | | |
|---|---|---|---|---|
| Ivory & Sime Bond | 99.0 | 105.0 | +1.0 | — |
| Risk & Reward Bond | 120.0 | 127.0 | | — |
| Murray Johnstone Fd | 116.0 | 123.0 | | — |
| Money Market Fd | 99.0 | 105.0 | | — |
| Ivory & Sime Pens Fd | 94.0 | 100.0 | | — |
| Risk & Reward Pens Fd | 102.0 | 108.0 | | — |
| Murray J'stone Pens Fd | 114.0 | 120.0 | | — |
| Money Market Pens Fd | 99.0 | 105.0 | | — |

**City of Westminster Assurance**
Sentry House, 500 Avebury Boulevard, Cent Milton Keynes MK9 2LA Tel: 0908 606101/660888

**Current Series**

| | | | | |
|---|---|---|---|---|
| Property Fund | 111.0 | 117.7 | | — |
| Money Fund | 218.6 | 230.2 | +0.2 | — |
| Managed Fund | 400.7 | 421.8 | +0.4 | — |
| Equity Fund | 250.7 | 264.2 | | — |
| Fixed Interest Fund | 148.7 | 156.6 | -0.6 | — |
| Far East Fund | 181.3 | 190.9 | -0.4 | — |
| North American Fund | 192.2 | 202.4 | -0.4 | — |
| Natural Resources Fund | 131.3 | 138.3 | | — |
| S.U.B. Flag Fund | 117.7 | 173.9 | -3.2 | — |
| Pension Managed Fund | 373.6 | 392.3 | -0.1 | — |
| Pension Equity Fund | 242.0 | 254.0 | +0.5 | — |
| PEB Fund | 121.0 | 127.4 | | — |

# INSURANCE, OVERSEAS & MONEY FUNDS

## MANAGEMENT SERVICES

## OFFSHORE AND OVERSEAS

## Money Market Trust Funds

## Money Market Bank Accounts

**Phillips & Drew Trust Ltd**
120 Moorgate, London EC2M 6XP 01-628 9777
High Int Chq Acc ...9.8125 7.33 10.62 Qtr

**Provincial Trust**
30 Ashley Rd, Altrincham, Cheshire 061-928 9011
High Int Chq Acc ...10.25 7.66 11.17 Mth

**Royal Bank of Scotland plc**
42 St Andrew Sq, Edinburgh EH2 2YE. 031-557 0201
Premium Account ...9.50 7.10 10.27 Qtr

**Save & Prosper/Robert Fleming**
28 Western Rd, Romford RM1 3LB 0708 66966
H.I.B.A. ...9.23 6.90 10.06 Daily

**Tyndall & Co**
29-33 Princess Victoria St, Bristol 0272 732241
Demand Acc. ...9.65 7.21 10.43 Qtr
Money Acc. ...9.53 7.12 10.30 Qtr

**J. Henry Schroder Wagg & Co Ltd**
Enterprise House, Portsmouth 0705 827733
Special Acc. ...8.75 6.54 9.49 Mth
Over £10,000 ...9.00 6.73 9.77 Mth

**Western Trust & Savings Limited**
The Moneycentre, Plymouth PL1 1SE 0752 24141
High Int Chq Acc ...9.80 7.30 10.16 Qtr

NOTES—Gross: rate to those exempt from composite rate of tax. Net: actual rate after deduction of CRT. Gr Equiv CAR: Gross equivalent to basic rate taxpayers—compounded annual rate. Int Cr: frequency interest credited.

### NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ¶ Guernsey gross. ‡ Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. ● Yield column shows annualised rates of NAV increase ad re dividend.

## TRADITIONAL OPTIONS

### 3-month call rates

| Industrials | p | | |
|---|---|---|---|
| Allied-Lyons | 28 | Marks & Spencer | 18 |
| BAT | 38 | Midland Bk. | 44 |
| BOC Grp | 32 | NEI | 11 |
| BSR | 54 | Nat West Bk. | 70 |
| BTR | 45 | P & O Dfd | 45 |
| Babcock | 20 | Plessey | 20 |
| Barclays | 45 | Polly Peck | 26 |
| Beecham | 32 | Racal Elect. | 37 |
| Blue Circle | 55 | RHM | 20 |
| Boots | 26 | Rank Org Ord. | 48 |
| Bowaters | 30 | Reed Intnl | 75 |
| Brit Aerospace | 48 | Sears | 12 |
| Brit Telecom | 17 | TI | 42 |
| Brown (J.) | 3 | Tesco | 30 |
| Burton Ord | 32 | Thorn EMI | 35 |
| Cadburys | 17 | Trust Houses | 12 |
| Charter Cons. | 22 | Turner Newall | 18 |
| Comm Union | 28 | Unilever | 120 |
| Courtaulds | 26 | Vickers | 40 |
| Distillers | 52 | Wellcome | 19 |
| FNFC | 15 | **Property** | |
| Gen Accident | 75 | Brit Land | 26 |
| Gen Electric | 17 | Land Secs. | 30 |
| Glaxo | 88 | MEPC | 32 |
| Grand Met | 34 | Peachey | 24 |
| GUS 'A' | 75 | Samuel Props. | 18 |
| Guardian | 75 | **Oils** | |
| GKN | 32 | Brit Oil & Min. | $2\frac{1}{2}$ |
| Hanson Tst | 16 | Brit Petroleum | 48 |
| Hawker Sidd | 52 | Carman Oil | 30 |
| ICI | 30 | Charterhall | 3 |
| "Imps" | 28 | Premier | $3\frac{1}{2}$ |
| Jaguar | 27 | Shell | 55 |
| Ladbroke | 32 | Tricentrol | 15 |
| Legal & Gen | 79 | Ultramar | 18 |
| Lex Service | 38 | **Mines** | |
| Lloyds Bank | 55 | Cons Gold | 40 |
| Lucas Inds | 60 | Lonrho | 25 |
| | | Rio T Zinc | 30 |

A selection of Options traded is given on the London Stock Exchange Report Page.

# COMMODITIES AND AGRICULTURE

## London's commodity traders see expanding role for options

BY STEFAN WAGSTYL

COMMODITY TRADERS in London expect the options market to grow in importance in the next few years, according to a wide-ranging survey of the trade carried out by the Bank of England.

Some companies also plan to consolidate or increase their financial futures business says a report published in the Bank's latest Quarterly Bulletin.

But after four years of declining profits for most companies, followed by the crisis in the tin market last October which will hit profits this year, traders expect a period of "re-appraisal and consolidation." No dramatic increase in turnover is expected in the next few years nor is it likely that many new contracts will be introduced, says the report.

However, te traders hoped that UK commodity futures markets would emerge in a more competitive condition from the recent period of sluggish profitability, says the Bank.

"In general participants in the survey felt that the London commodity futures markets would need to be flexible in responding to changing circumstances in order to remain competitive with their counterparts overseas."

Companies generally supported moves towards more integrated markets, such as the changes under consideration at the London Commodity Exchange, which trades agricultural commodities. They felt this would improve liquidity and enhance London's international competitive position.

In the first exercise of its kind since 1977, the bank earlier this year collected information from 67 London commodity traders and interviewed 25 of them. The survey covered the London Metal Exchange, the London Commodity Exchange, the International Petroleum Exchange, the Agricultural Futures Exchange and the Baltic International Freight Futures Exchange.

The report says that declining commodity prices have helped to depress traders' profits. As the table shows, in 1982 the 26 responding companies made average pre-tax profits of £2m; last year, 40 traders in the survey made an average of £0.5m pre-tax. The bank warns that those companies involved in the tin crisis can expect e further marked deterioration in profits this year.

The proportion of income earned from commission on client business—as opposed to own-account trading in the market—has stayed at about 60 per cent, says the report.

The report highlights the strong growth of financial futures—the proportion of gross earnings coming from financial futures jumped from 0.8 per cent in 1983 to 15.9 per cent last year, while physical trade in commodities dropped from 44.2 per cent to 26.9 per cent. But the share of total earnings coming from commodity futures increased from 41.3 per cent to 46 per cent.

Few of the traders surveyed are large employers, says the Bank. Only 13 had more than 100 staff, and only 26 had more than 50. Only six out of the 67 employed people overseas.

The report highlights the dominance of British and other European clients for the London commodity markets. In January 1986, UK clients accounted for nearly 60 per cent of the traders' client business, and other European clients for a further 20 per cent. North American, by contrast, provided only just over 7 per cent of the business, followed by the Far East with 5.2 per cent, and the Middle East with 4.5 per cent. Some companies specialised in trade business, others in dealing with investors and speculators.

Twelve of the 30 commodities traded by these companies are traded on overseas exchanges as well as in the UK. But the companies placed 80 per cent of their business in the UK. In copper and aluminium, the two most important metals contracts, the UK exchanges accounted for 92.5 per cent and 62.7 per cent of the business. In coffee, the share was 98.6 per cent.

Fourteen companies said options on futures contracts formed an important part of their commodity portfolios, with two-thirds of the business transacted in London. In numerical terms, options were of minor importance but their value as a source of income was higher and more significant, says tha Bank.

The commodity futures market survey has been published on advance of the rest of the Bank's bulletin which is released later today.

*The Bank of England Quarterly Bulletin, The Bank of England, Threadneedle Street, London EC2R 8AH.*

**COMPARATIVE PROFITS PERFORMANCE** (pre-tax, £ millions)

| | Number of firms responding | Total earnings | Average earnings | Largest profit | and loss |
|---|---|---|---|---|---|
| 1982 | 26 | 51.3 | 2.0 | 25.9 | -0.6 |
| 1983 | 44 | 93.1 | 1.5 | 24.0 | -3.3 |
| 1984 | 44 | 57.6 | 0.9 | 8.9 | -3.3 |
| 1985 | 40 | 21.9 | 0.5 | 4.8 | -4.4 |

### WEEKLY METALS

All prices as supplied by *Metal Bulletin*.

**ANTIMONY:** European free market. 99.6 per cent, $ per tonne, in warehouse, 2,490-2,570.

**BISMUTH:** European free market, min 99.99 per cent, $ per lb, tonne lots in warehouse, 2.55-2.90.

**CADMIUM:** European free market, min 99.95 per cent, $ per lb, in warehouse, ingots, 1.00-1.05, sticks, 1.01-1.06.

**COBALT:** *European free* market, 99.5 per ceot, $ per lb, in warehouse, 5.40-5.80.

**MERCURY:** European free market, min 99.99 per cent, $ per flask, in warehouse, 213-223.

**MOLYBDENUM:** European free market, drummed molybdic oxide, $ per lb Mo, in warebouse, 2.76-2.81.

**SELENIUM:** European free market, min 99.5 per cent, $ *per lb, in warehouse,* 4.30-4.70.

**TUNGSTEN ORE:** European free market, standard min 65 per cent, $ per tonne unit WO, cif 47-56.

**VANADIUM:** European free market, min 98 per cent VO, other sources, $ per lb VO, cif, 2.50-2.55.

**URANIUM:** Nuexco exchange value, $ per lb UO, 17.25.

## US copper strike fears ease

BY DAVID OWEN IN CHICAGO

NEWMONT MINING, one of tha largest copper producers in the US, yesterday said it had reached tentative agreement in pay talks with trade union leaders, greatly increasing the likelihood that the industry might escape significant strikes this summer.

The news helped to push down copper prices, which were already falling because of sluggish demand for metal and the settlement earlier this week of a pay strike at Noranda, tha Canadian producer. On the London Metal Exchange, higher grade copper for immediate delivery fell £22 a tonne yesterday to £897.5 a tonne—its lowest since December 1982.

Newmont said yesterday that the new three-year pact agreed with trada union leaders representing workers at its Arizona operating companies—*Magma Copper* and *Pinto Valley*—would come into force at the end of the month. The company said total labour costs would be cut by some 20 per cent over the life of the contract from a present hourly level of $19.35.

Union leaders are expected to present the deal to their members this week. The United Steelworkers' Union said it accepted that tha agreement was concessionary but added that a *bonus* plan *would be* implemented permitting workers to recoup some of their loss should tha world copper price rise.

The fact that the unions have mada a major concession at Newmont—in order to try to preserve jobs at loss-making plants—increases the prospects for peaceful settlements at other major US producers which are still negotiating—Kennecott, *Asarco and Inspiration* Resources.

Workers at Toronto-based *Noranda's Montreal* copper and precious metals refinery accepted a new three year contract on June 23, ending a two and e half week strike at the plant. The agreement provides for a 30 Canadian cents per hour wage increase after eighteen months, with an additional 45 cents per hour to follow after two years. Workers *will also* receiva an immediate $500 lump sum.

Meanwhila, in the aluminium sector, talks between producers Alcoa and Reynolds and union representatives are schednled to resume in Hollywood, Florida, on Juna 27.

About 15,000 workers representing two unions at Alcoa, the larger of tha two producers, beva been on strike since their labour contract expired on May 31. Union members have continued working at Reynolds *however, in spite* of the breakdown in negotiations.

Alcoa management has been operating smelters and fabricating plants throughout June. Output at soma facilities is now "exceeding pre-strike levels," according to one company spokesman. "While we are steadfast in our desire to achieve reductions in total compensatien levels," he added, "we are resuming talks with the expectation of reaching a satisfactory agreement."

If a settlement is indeed reachad *in short order,* analysts expect aluminium prices, like copper, to weaken markedly. "We believe the strike has forestalled a rout in the common alloy sheet market," said Mr Peter W. Merner of New York-based Merner Research in a recent report.

● Zambian production of copper, the country's main export, fell sharply to 463,354 tonnes last year due to a continuing shortage of essential spares, Zambia Consolidated Copper Mines (ZCCM) said, reports Reuter from Lusaka.

Output in tha year ending March 31 was down 62,457 tonnes, or 11.9 per cent, on 1984/85 when production totalled 525,811 tonnes, it said in a statement.

Zambian copper production has been declining steadily for over a decade due to a vicious circle thet has made purchasing of spares increasingly difficult.

## Brazilian move sends coffee prices lower

By Richard Mooney

CONFIRMATON of recent rumours that Brazil was about to reduce its minimum export price for coffee brought a sarp acceleration in the existing downward trend on the London futures market yestrday.

On Tuesday night Mr Paulo Graciano, president of the Brazilian Coffee Institute (IBC) announced that export registrations for July, August and September shipments were being opened with effect from yesterday under a pricing formula based on the average of the International Coffee Organisation's Brazilian and other arabicas indicator on the five preceding days, less 12 cents, in the case of group one coffees. On Tuesday that would have resulted in an effective export minimum of $2.33 a lb, compared with the $2.49 minimum ruling previously.


London dealers said yesterday that the new prices would still be well above the ruling market level but that the mere fact that Brazil was prepared to come down towards the market had been enough to intensify the existing bearish mood.

On the future's market the September position came *down £36 to £1,694.50 a tonne,* the lowest closing level since October 15, taking the fall on the week *so far* to £190.

Coffee prices have been under growing pressure in recent weeks *because of the* unusually mild weather being experienced in Brazil. At this tima *of year the threat of* frost in the coffee belt can usually be relied upon to keep the market firm.

## Ministers rap EEC commission over butter pricing move

BY TIM DICKSON IN LUXEMBOURG

THE EEC's butter mountain—stocks purchased by the European Community ot s guaranteed price and put into storage — reached a peak of 1.3m tonnes last month. Efforts to reduce its size ran into widespread political criticism from farm ministers meeting yesterday in Luxembourg.

The object of the politicians' *anger* was the European Commission, which, using its own powers, recently changed the rules on interventien purchases in a bid to reduce escalating storage costs. It is estimated (conservatively) that each tonne of butter not sold on the market eats up Ecu 400 a year (or more than $1m a *day for the whole stockpile*).

In a move to reduce this burden, the commission has extended from a minimum of 120 to a maximum of 180 days the interval between the arrival of consignments of butter at intervention stores and the date on which traders get paid. In addition the commission now requires traders to pay the costs of storage for the first 60 days.

Officials feel these changes may give traders an incentive to find other ontlets for their butter and thereby reduce pressure on Community resources.

However, the move has incensed the Germans, French, *Danes and Irish who claim that* the combination of tha storage costs and delayed payments represents o disguised price cut for Community butter. Mr Austin Deasy, the Irish Farm Minister, said the measures would mean a 1½ per cent reduction in prices to Irish dairy farmers.

There is ne question of Ministers challenging the Commission's authority, but the displeasure of those involved was communicated at yesterday's meeting. Britain and the Netherlands, bowever, voiced their support for the Commission line.

Mr Frans Andriessen, tha Dutch farm commissioner, did not disguise his irritation at the attitude of his political masters.

Commission officials made it clear that something has to be *done to stem the increasingly* rapid flow of butter into intervention (100,000 tonnes in May) and privately they blame ministers for a lack of political will.

In particular it is felt that the high level of dairy quotas — introduced in 1984 and marginally reduced since then — have encouraged overproduction of bntter.

Dairy production outstrips consumption by 14 *per* cent — but ministers have resisted attempts to reduce quotas by a comparable amount.

## Upturn in consumption cheers sea fish body

A DETERMINED promotional effort helped by growing consumer concern about healthy eating, has resulted in an upturn in UK fish consumption after years of decline, according to the Sea Fish Industry Authority.

In the first three months of this year the total volume of fish consumed in UK homes was up 5 per cent compared with the same 1985 period, the Authority says. And herring and mackerel consumption was up by 40 per cent.

"This real progress is behind cautious new optimism in the fishing industry, and there are two reasons behind it," commented Mr Boh Kennedy, the Authority's marketing director.

"One reason is the nation's mood. While many foods are criticised or said to be harmful, fish is increasingly acclaimed because it scores so highly in nutritional terms.

"The second reason is that this year has seen the biggest-ever promotional campaign for Seafish (the Authority's promotional arm), challenging outmoded ettitudes about fish and presenting it in a lively, stylish and modern fashion."

He said there had been a strong reaction to the campaign from peopla in tha 16 to 34 aga group.

But Mr Kennedy warned that figures for only the first few months of tha year sbould be viewed with a degree of caution. "While fish consumption is meving ahead again and very encouragingly, with promise of continued growth not least in competition with other foods, it is a long time since such o complex marketing challenge has been tackled," he said.

## UK lamb steadier

By Stefan Wagstyl

THE FALL in lamb prices following government bans on sheep movements in parts of the UK affected by fall-out from tha Chernobyl nuclear disaster has been arrested according to figures issued by the Meat and Livestock Commission.

Wholesale prices across the country averaged 146.14p a kilogram yesterday — 30.5p *lower than on the same day last* week. But tha fall is much smaller than the 45.79p decline recorded at (different) markets sampled on Tuesday.

The "Chenrobyl factor" has magnified tha price decline which normally occurs at this time of year as increasing supplies of new season lamb reach market. Prices for the first three days of this week averaged 149.8p — 45p down on last week and about 15p to 20p lower than might have been expected.

## LONDON MARKETS

COPPER led a general decline in base metals values on the London Metal Exchange yesterday as a combination of sterling's strength against the dollar and news of Newmont Mining of the US's tentative agreement with its workers pushed the cash price down £22 to a 3½ year low of £897.50 a tonne. Sterling's firmness was also a factor in cash lead's £8 fall to £270.50 a tonne, which was further encouraged by news that Asarco of the US had cut its list price by half a cent to 22.50 cents a lb. Dealers also said chartist selling was featured in the lead market. Zinc values fell back sharply in a thin market as speculation that recently raised European producer selling prices might soon be cut back again encouraged selling. And with stop-loss selling fuelling the decline the cash price ended the day £17.50 down at £511 a tonne.

LME prices supplied by Amalgamated Metal Trading.

### ALUMINIUM

[illegible]

### COPPER

[illegible]

### LEAD

[illegible]

### NICKEL

[illegible]

### GOLD

[illegible]

GOLD BULLION (fine ounce) June 25

[illegible]

GOLD AND PLATINUM COINS

[illegible]

### TIN

[illegible]

### ZINC

[illegible]

### SILVER

[illegible]

## INDICES

**REUTERS**

| June 25 | June 24 | M'th ago | Year ago |
|---|---|---|---|
| 1461.6 | 1616.3 | 1765.8 | 1767.8 |

(Base: September 18 1931 = 100)

**DOW JONES**

| Dow Jones | June 24 | June 23 | Month ago | Year ago |
|---|---|---|---|---|
| Spot | 127.04 | 126.56 | — | 118.62 |
| Fut. | 113.67 | 114.09 | — | 118.70 |

(Base: December 31 1931 = 100)

## MAIN PRICE CHANGES

In tonnes unless otherwise stated.

[illegible]

### COCOA

[illegible]

### COFFEE

[illegible]

### SOYABEAN MEAL

[illegible]

### GRAINS

[illegible]

### MEAT

[illegible]

### RUBBER

[illegible]

### POTATOES

[illegible]

## US MARKETS

THE STRENGTH of the Chicago livestock markets continued with a second consecutive day of limit-up movements across the board in the hog complex, reports Heinold Commodities. The market was swaped with speculative and trade buying, much of it carried over from Tuesday's session with the consequences of the USDA quarterly livestock report, which saw a much lower number of hogs retained for breeding than expected, again providing the impetus. The pork bellies contract reached contract highs with just under 74.5c per pound. Significantly the cattle markets traded marginally off the up-limit, reflecting the secondary importance of the report on the beef complex. The turmoil in the livestock market seemed to encourage a curious strength in precious metals, as fears of the inflationary effects of higher meat prices awoke the metals attractiveness as an inflation hedge. However, silver lost its best initial gains. Coffee prices slumped further with the September position losing over 5c to finish just above 165c per pound, seen by chartists to be the point of departure for the market's massive rise in the last quarter of last year.

### NEW YORK

[illegible]

### CHICAGO

[illegible]

## SUGAR

[illegible]

## FREIGHT FUTURES

[illegible]

## GAS OIL FUTURES

[illegible]

## OIL

[illegible]

# CURRENCIES; MONEY and CAPITAL MARKETS

## FOREIGN EXCHANGES

# Dollar continues to fall

The dollar weakened in quiet foreign exchange trading yesterday. Tuesday's durable goods orders for May provided further evidence of sluggish US economic growth, and Friday's May US trade are not expected to be a great improvement over the April deficit of $12.07bn. These factors, coupled with the fall of 0.5 per cent in first quarter Japanese gross national product growth, encouraged speculation about a co-ordinated cut in international interest rates. On the other hand dealers doubted whether the Japanese authorities would act ahead of the general election on July 6, while the US Federal Reserve is thought to be concerned about excess money supply growth and the weakness of the dollar. Strong German money supply growth and the weakness of the D-Mark in the EMS, are also likely to make the German Bundesbank reluctant to cut interest rates, and the Bank of England may be reluctant to endorse lower UK bank base rates except as part of a general downward move in world interest rates.

In a situation of possible stalemate over interest rates, at least in the immediate future, the dollar declined to DM 2.2160 from DM 2.2220; to FFr 7.0650 from FFr 7.0825; to SFr 1.8175 from SFr 1.8220; and to Y166.00 from Y166.60.

On Bank of England figures the dollar's exchange rate index fell to 115.0 from 115.5.

### £ IN NEW YORK

| June 24 | Latest | Prev. close |
|---|---|---|
| £ Spot | $1.5210-1.5220 | $1.5135-1.5145 |
| 1 month | 0.38-0.37pm | 0.38-0.37pm |
| 3 months | 1.10-1.05pm | 1.04-1.02pm |
| 12 months | 3.60-2.60pm | 3.27-3.32pm |

Forward premiums and discounts apply to the US dollar

STERLING — Trading range against the dollar in 1986 is 1.5555 to 1.3700. May average 1.5202. Exchange rate index rose 0.3 to 76.1, after opening at 75.9. Six months ago the index was 77.9.

Sterling showed no reaction to the opening of the Organisation of Petroleum Exporting Countries meeting in Yugoslavia. The pound closed unchanged at $1.5165-1.5175, but fell to DM 3.3625 from DM 3.37; to FFr 10.7175 from FFr 10.7450; to SFr 2.7575 from SFr 2.7650; and to Y251.75 from Y252.75. Trading was quiet, with sterling remaining on the sidelines.

D-MARK—Trading range against the dollar in 1986 is 2.4710 to 2.1640. May average 2.2295. Exchange rate index 135.4 against 130.6 six months ago.

The D-Mark gained ground against the dollar in Frankfurt. Trading was within a fairly narrow range, lacking new factors to move the market. Dealers were waiting for tomorrow's US trade figures before deciding whether to unwind long positions in the dollar. At the Frankfurt fixing the Bundesbank did not intervene when the dollar fell to DM 2.2185 from DM 2.2289. The US currency closed in Frankfurt at DM 2.2105, compared with DM 2.2260. The French franc eased to DM 31.370 per 100 francs at the fixing from DM 31.380, but remained at the top of the European Monetary System. Tension in the system has shifted away from the D-Mark and into the Danish kroner, which traded around its floor against the franc.

JAPANESE YEN—Trading range against the dollar in 1986 is 202.70 to 161.85. May average 167.01. Exchange rate index 207.0 against 177.2 six months ago.

The yen showed little movement against the dollar in dull Tokyo trading. The US currency finished at the day's low of Y166.45, compared with Y166.90 on Tuesday, and Y166.65 overnight in New York. Figures published this week, indicating a fall of 0.5 per cent in first quarter Japanese gross national product growth, and the decline of 2 per cent in May US durable goods orders, after taking out defence spending, gave rise to suggestions of coordinated discount rate cuts in Japan and the US. This was considered bearish for the dollar, while dealers were also nervous ahead of tomorrow's US trade figures for May.

### POUND SPOT—FORWARD AGAINST POUND

| June 25 | Day's spread | Close | One month | % p.a. | Three months | % p.a. |
|---|---|---|---|---|---|---|
| US | 1.5110-1.5240 | 1.5165-1.5175 | 0.38-0.36c pm | 2.97 | 1.11-1.06pm | 2.86 |
| Canada | 2.0978-2.1088 | 2.1045-2.1075 | 0.30-0.21c pm | 1.45 | 0.65-0.50pm | 1.09 |
| Nethlnd. | 3.77¼-3.79¾ | 3.78-3.79 | 1¼-1c pm | 3.57 | 3½-3¼pm | 3.57 |
| Belgium | 68.52-68.92 | 68.60-68.70 | 19-14c | 2.88 | 50-41c pm | 2.65 |
| Denmark | 12.43-12.46½ | 12.43-12.44 | 2¾-1¾ore pm | 1.63 | 4½-3¼pm | 1.27 |
| Ireland | 1.1110-1.1160 | 1.1125-1.1135 | 0.10-0.02p pm | 0.65 | 0.20-0.05pm | 0.45 |
| W. Ger. | 3.35¾-3.37 | 3.35¾-3.36¾ | 1¾-1½pf pm | 5.35 | 4½-4¼pm | 5.06 |
| Portugal | 227.62-230.13 | 228.30-229.80 | 90-250c dis | -8.91 | 265-760dis | -8.86 |
| Spain | 214.83-216.67 | 215.16-216.46 | 95-176c dis | -7.52 | 180-220dis | -4.18 |
| Italy | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Norway | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| France | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Sweden | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Japan | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Austria | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Switz. | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

Belgian rate is for convertible francs. Financial franc [illegible]. Six-month forward dollar [illegible]. 12-month [illegible].

### DOLLAR SPOT—FORWARD AGAINST DOLLAR

| June 25 | Day's spread | Close | One month | % p.a. | Three months | % p.a. |
|---|---|---|---|---|---|---|
| UK† | 1.5110-1.5240 | 1.5165-1.5175 | 0.38-0.36c pm | 2.97 | 1.11-1.06pm | 2.86 |
| Ireland† | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Canada | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Nethlnd. | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Belgium | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Denmark | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| W. Ger. | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Portugal | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Spain | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Italy | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Norway | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| France | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Sweden | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Japan | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Austria | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Switz. | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

† UK and Ireland are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc [illegible].

### EXCHANGE CROSS RATES

[illegible]

Yen per 1,000: French Fr per 10: Lira per 1,000: Belg Fr per 100.

### EURO-CURRENCY INTEREST RATES

| June 25 | Short term | 7 Days notice | 1 Month | Three Months | Six Months | One Year |
|---|---|---|---|---|---|---|
| Sterling | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| U.S. Dollar | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Can Dollar | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| D Guilder | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Sw. Franc | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Deutschmark | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Fr. Franc | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Italian Lira | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| B.Fr.(Fin) | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| B.Fr.(Con) | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Yen | 4¼-4⅛ | 4½-0 | 4¼-4½ | 4¼-4⅜ | 4⁵⁄₁₆-4¼ | 4⁵⁄₁₆-4¼ |
| D. Krone | 8¾-9¼ | 8½-0 | 8¾-9 | 9¼-9 | 9¼-9 | 9-9¼ |
| Asian $ (Sing) | 6½-7⅛ | 6½-7⅛ | 6½-7⅛ | 6⅞-7 | 6⅞-6⅞ | 6⅞-7⅛ |

Long-term Eurodollars: two years 7¼-7⅜ per cent; three years 7⅝-8⅛ per cent; four years 8-8¼ per cent; five years 8¼-8⅝ per cent nominal. Short-term rates are call for US Dollars and Japanese Yen; others, two days' notice.

### CURRENCY MOVEMENTS

| June 25 | Bank of England Index | Morgan Guaranty Change % |
|---|---|---|
| Sterling | 76.1 | -15.0 |
| U.S. dollar | 110.0 | +0.9 |
| Canadian dollar | 78.0 | -12.2 |
| Austrian schilling | 136.4 | +6.2 |
| Belgian franc | 90.0 | -7.2 |
| Danish Kroner | 86.1 | -1.0 |
| Deutsche mark | 138.4 | +14.7 |
| Swiss franc | 160.0 | +17.8 |
| Guilder | 125.3 | +0.3 |
| French franc | [illegible] | [illegible] |
| Lira | [illegible] | [illegible] |
| Yen | [illegible] | [illegible] |

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (base average 1975=100).

### CURRENCY RATES

| June 25 | Bank rate % | Special Drawing Rights | European Currency Unit |
|---|---|---|---|
| Sterling | — | [illegible] | [illegible] |
| U.S. $ | [illegible] | [illegible] | [illegible] |
| Canadian $ | [illegible] | [illegible] | [illegible] |
| Austria Sch. | [illegible] | [illegible] | [illegible] |
| Belgian Fr. | [illegible] | [illegible] | [illegible] |
| Danish Kr. | [illegible] | [illegible] | [illegible] |
| D mark | [illegible] | [illegible] | [illegible] |
| Guilder | [illegible] | [illegible] | [illegible] |
| French Fr. | [illegible] | [illegible] | [illegible] |
| Lira | [illegible] | [illegible] | [illegible] |
| Yen | [illegible] | [illegible] | [illegible] |
| Norway Kr. | [illegible] | [illegible] | [illegible] |
| Spain Pta | [illegible] | [illegible] | [illegible] |
| Swedish Kr. | [illegible] | [illegible] | [illegible] |
| Swiss Fr. | [illegible] | [illegible] | [illegible] |
| Greek Drch | [illegible] | [illegible] | [illegible] |
| Irish Punt | [illegible] | [illegible] | [illegible] |

* CS/SDR rate for June 24: [illegible]

(1) SDR Rate for June 24

### OTHER CURRENCIES

[illegible]

* Selling rate.

### EMS EUROPEAN CURRENCY UNIT RATES

| | Ecu central rates | Currency amounts against Ecu June 25 | % change from central rate | % change adjusted for divergence | Divergence limit % |
|---|---|---|---|---|---|
| Belgian Franc | 43.6761 | [illegible] | [illegible] | [illegible] | [illegible] |
| Danish Krone | 7.91896 | [illegible] | [illegible] | [illegible] | [illegible] |
| German D-Mark | 2.13834 | [illegible] | +0.47 | +0.56 | ±1.1202 |
| French Franc | 6.96280 | 6.85234 | -1.58 | -1.60 | ±1.3701 |
| Dutch Guilder | 2.40935 | 2.41893 | +0.40 | +0.48 | ±1.5081 |
| Irish Punt | 0.712956 | 0.717199 | -0.25 | -0.10 | ±1.6665 |
| Italian Lira | 1496.21 | 1473.86 | -1.49 | -1.49 | ±4.3786 |

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

## FINANCIAL FUTURES

# Still no incentive

Trading remained confined to within recent levels in the London International Financial Futures Exchange yesterday. Behind a tangled web of speculation surrounding the possibilities of major nations cutting their interest rates, there was no fresh incentive to motivate a definite trend. Disappointing but well discounted Japanese first quarter GNP failed to create much of a stir since the market viewed any change in Japanese rates ahead of next month's elections as remote.

There was also a good deal of position squaring ahead of the month, quarter and half-year end. US Treasury bonds opened at 96-28 for September delivery, well up from 97-30 on Tuesday, helped by a good reception to the latest four-year bond auction and expectations that last night's seven year auction would attract similar interest. After an early rise was met with profit-taking, early Chicago trading took it up to 99-05 before renewed selling pushed the price back to 98-25. It closed on renewed support at 99-07, close to the day's high of 99-08.

Three-month sterling deposits and long gilt prices all opened firmer from Tuesday night but failed to attract sustained follow through demand and finished little changed from opening levels.

### LIFFE LONG GILT FUTURES OPTIONS

| Strike price | Calls—Last Sept | Dec | Mar | June | Puts—Last Sept | Dec | Mar | June |
|---|---|---|---|---|---|---|---|---|
| 116 | 7.04 | 7.54 | — | — | 0.24 | 1.28 | — | — |
| 118 | 5.28 | 0.28 | — | — | 0.48 | 2.02 | — | — |
| 120 | 3.62 | 5.13 | — | — | 1.18 | 2.51 | — | — |
| 122 | 2.49 | 4.06 | — | — | 2.05 | 3.46 | — | — |
| 124 | 1.63 | 2.13 | — | — | 3.09 | 4.51 | — | — |
| 126 | 1.00 | 2.28 | — | — | 4.29 | 5.62 | — | — |
| 128 | 0.42 | 1.52 | — | — | 5.82 | 7.24 | — | — |
| 130 | 0.23 | 1.21 | — | — | 7.43 | 8.58 | — | — |

Estimated volume total, Calls 1,395, Puts 178
Previous day's open int. Calls 3,374, Puts 3,608

### LIFFE US TREASURY BOND FUTURES OPTIONS

| Strike price | Calls—Last Sept | Dec | Mar | June | Puts—Last Sept | Dec | Mar | June |
|---|---|---|---|---|---|---|---|---|
| 88 | 11.21 | 11.26 | — | — | 0.07 | 0.60 | — | — |
| 90 | 9.29 | 9.52 | — | — | 0.16 | 1.22 | — | — |
| 92 | 7.44 | 8.22 | — | — | 0.30 | 1.56 | — | — |
| 94 | 6.04 | 7.01 | — | — | 0.54 | 2.35 | — | — |
| 96 | 4.40 | 5.52 | — | — | 1.26 | 3.22 | — | — |
| 98 | 3.25 | 4.48 | — | — | 2.11 | 4.16 | — | — |
| 100 | 2.25 | 3.53 | — | — | 3.11 | 5.23 | — | — |
| 102 | 1.40 | 3.03 | — | — | 4.28 | 5.37 | — | — |

Estimated volume total, Calls 138, Puts 77
Previous day's open int. Calls 1,358, Puts 464

### LIFFE £/$ OPTIONS
£25,000 (cents per £1)

| Strike price | Calls—Last July | Aug | Sept | Dec | Puts—Last July | Aug | Sept | Dec |
|---|---|---|---|---|---|---|---|---|
| 1.30 | — | — | 22.37 | 22.37 | — | — | 0.03 | 0.31 |
| 1.35 | 17.37 | 17.37 | 17.37 | 17.37 | 0.00 | 0.04 | 0.14 | 0.78 |
| 1.40 | 12.37 | 12.37 | 12.37 | 12.37 | 0.03 | 0.22 | 0.61 | 1.86 |
| 1.45 | 7.48 | 7.69 | 7.84 | 8.59 | 0.30 | 0.85 | 1.44 | 3.14 |
| 1.50 | 3.68 | 4.12 | 4.62 | 5.75 | 1.42 | 2.39 | 3.22 | 5.30 |
| 1.55 | 1.23 | 1.98 | 2.40 | 3.63 | 4.07 | 5.13 | 6.00 | 8.12 |
| 1.60 | 0.28 | 0.68 | 1.09 | 2.16 | 9.12 | 8.95 | 9.89 | 11.71 |

Estimated volume total, Calls 125, Puts 144
Previous day's open int. Calls 3,133, Puts 3,366

### LONDON SE £/$ OPTIONS
£12,500 (cents per £1)

| Strike price | Calls—Last July | Aug | Sept | Dec | Puts—Last July | Aug | Sept | Dec |
|---|---|---|---|---|---|---|---|---|
| 1.35 | — | — | 19.80 | 19.80 | — | — | 0.80 | 1.50 |
| 1.40 | 12.40 | 0.00 | 10.00 | 10.20 | 0.70 | 0.00 | 1.40 | 2.70 |
| 1.45 | 7.50 | 7.30 | 7.75 | 8.76 | 0.20 | 1.05 | 1.80 | 3.40 |
| 1.50 | 3.10 | 4.10 | 4.80 | 5.50 | 1.00 | 2.85 | 3.50 | 5.62 |
| 1.55 | 0.80 | 1.80 | 2.50 | 4.00 | 2.70 | 5.30 | 0.30 | 8.30 |
| 1.60 | 0.20 | 0.80 | 1.35 | 2.50 | 8.00 | 8.20 | 8.80 | 11.80 |
| 1.65 | 0.15 | 0.30 | 0.65 | 1.50 | 13.00 | 13.80 | 14.00 | 15.70 |

Previous day's open int. Calls 3,906, Puts 1,622
Volume, 506

### PHILADELPHIA SE £/$ OPTIONS
£12,500 (cents per £1)

| Strike price | Calls—Last July | Aug | Sept | Dec | Puts—Last July | Aug | Sept | Dec |
|---|---|---|---|---|---|---|---|---|
| 1.30 | — | — | 21.70 | 21.70 | — | — | 0.10 | 0.45 |
| 1.35 | 16.70 | — | 16.70 | 16.70 | — | — | 0.25 | 1.00 |
| 1.40 | 11.70 | — | 11.70 | 12.30 | — | — | 0.85 | 1.95 |
| 1.45 | 6.95 | 7.10 | 7.75 | 8.80 | 0.20 | 0.85 | 1.65 | 3.30 |
| 1.50 | 2.70 | 4.00 | 4.45 | 0.10 | 0.95 | 2.40 | 2.50 | 5.35 |
| 1.55 | 0.60 | 1.85 | 2.40 | 3.65 | 2.65 | 5.15 | 5.05 | 8.10 |
| 1.60 | 0.15 | 0.50 | 1.10 | 2.20 | 8.05 | 8.20 | 8.70 | 11.65 |

Previous day's open int. Calls 29,945, Puts 21,823
Previous day's volume, Calls 942, Puts 5,888

### LIFFE—EURODOLLAR OPTIONS
$1m points of 100%

| Strike price | Calls—Last Sept | Dec | Mar | June | Puts—Last Sept | Dec | Mar | June |
|---|---|---|---|---|---|---|---|---|
| 92.00 | 1.38 | 1.36 | — | — | 0.01 | 0.06 | — | — |
| 92.25 | 1.13 | 1.14 | 1.06 | — | 0.01 | 0.09 | 0.22 | — |
| 92.50 | 0.80 | 0.93 | 0.87 | — | 0.03 | 0.13 | 0.28 | — |
| 92.75 | 0.68 | 0.74 | 0.70 | — | 0.06 | 0.19 | 0.36 | — |
| 93.00 | 0.49 | 0.57 | 0.56 | — | 0.12 | 0.27 | 0.46 | — |
| 93.25 | 0.32 | 0.42 | 0.42 | — | 0.20 | 0.37 | 0.58 | — |
| 93.50 | 0.19 | 0.29 | 0.31 | — | 0.32 | 0.49 | 0.72 | — |

Previous day's open int. Calls 403, Puts 1,075
Volume, —

### CHICAGO

**US TREASURY BONDS (CBT)**
8% $100,000 32nds of 100%

| | Latest | High | Low | Prev |
|---|---|---|---|---|
| Sept | 99-07 | 99-10 | 98-25 | 98-06 |
| Dec | 98-15 | 98-19 | 98-02 | 97-15 |
| March | 97-25 | 97-25 | 97-11 | 96-23 |
| June | 96-31 | 96-31 | 96-24 | 96-00 |
| Sept | — | — | — | 95-11 |
| Dec | — | — | — | 94-24 |
| March | [illegible] | [illegible] | [illegible] | [illegible] |
| June | [illegible] | [illegible] | [illegible] | [illegible] |
| Sept | [illegible] | [illegible] | [illegible] | [illegible] |
| Dec | [illegible] | [illegible] | [illegible] | [illegible] |
| March | [illegible] | [illegible] | [illegible] | [illegible] |

**US TREASURY BILLS (IMM)**
$1m points of 100%

[illegible]

**CERT. DEPOSIT (IMM)**
$1m points of 100%

[illegible]

**THREE-MONTH EURODOLLAR (IMM)**
$1m points of 100%

[illegible]

**STERLING INDEX**

| | June 25 | Previous |
|---|---|---|
| 8.30 am | 75.9 | 75.9 |
| 9.00 am | 75.9 | 75.9 |
| 10.00 am | 75.8 | 75.9 |
| 11.00 am | 75.9 | 75.9 |
| Noon | 75.9 | 75.9 |
| 1.00 pm | 75.9 | 75.8 |
| 2.00 pm | 75.9 | 75.9 |
| 3.00 pm | 76.0 | 75.9 |
| 4.00 pm | 76.1 | 75.8 |

### LONDON

**20-YEAR 12% NOTIONAL GILT £50,000**
32nds of 100%

| | Close | High | Low | Prev |
|---|---|---|---|---|
| June | 122-17 | — | — | 121-23 |
| Sept | 122-13 | 122-29 | 122-14 | 121-30 |
| Dec | 122-07 | 122-16 | 122-12 | 121-00 |
| March | 122-03 | — | — | 121-14 |

Est volume 7,707 (11,289)
Previous day's open int 21,041 (20,478)
Basis quote (clean cash price of 13¼ Treasury 2004/08 less equivalent price of near futures contract) [illegible] (32nds)

**10% NOTIONAL SHORT GILT £100,000**
64ths of 100%

[illegible]

**THREE-MONTH STERLING £500,000**
points of 100%

[illegible]

**FT-SE 100 INDEX £25 per full index point**

[illegible]

**THREE-MONTH EURODOLLAR $1m**
points of 100%

| | Close | High | Low | Prev |
|---|---|---|---|---|
| Sept | 93.37 | 93.39 | 93.36 | 93.32 |
| Dec | 93.30 | 93.31 | 93.26 | 93.26 |
| March | 93.09 | 93.09 | 93.04 | 93.26 |
| June | 92.79 | 92.79 | 92.75 | 92.65 |
| Sept | 93.49 | — | — | 92.32 |
| Dec | 92.20 | 92.19 | 92.16 | 92.09 |

Est volume 4,050 (5,743)
Previous day's open int 18,157 (17,573)

**US TREASURY BONDS 8% $100,000**
32nds of 100%

[illegible]

### CURRENCY FUTURES

**POUND—$ (FOREIGN EXCHANGE)**

| Spot | 1-mth. | 3-mth. | 6-mth. | 12-mth. |
|---|---|---|---|---|
| 1.5170 | 1.5133 | 1.5062 | 1.4973 | 1.4814 |

**IMM—STERLING Se per £**

[illegible]

**LIFFE—STERLING £25,000 $ per £**

[illegible]

## MONEY MARKETS

# UK rates reflect improved sentiment

Interest rates were slightly easier where changed in London yesterday. Hopes of a cut in base rates were rekindled as sterling improved and pressure increased on other major nations to cut rates. While dealers were optimistic, there did not appear to be any immediate likelihood of another cut in rates to single figures however. Three-month interbank money was unchanged at 9⅞-9¾ per cent. Overnight money opened at 9⅞-10 per cent and touched 12 per cent before finishing at 11½ per cent.

The Bank of England forecast a shortage of around £600m with factors affecting the market including maturing assistance and a take up of Treasury bills together draining £258m and Exchequer transactions a further £310m. There was also a rise in the note circulation of £100m. These were partly offset by banks' balances brought forward £55m above target. The Bank gave assistance in the morning of £67m on a revised shortage of around £550m. The morning help comprised outright purchases of £3m of eligible bank bills in band 1 at 9⅞ per cent, £31m in band 2 at 9⅞ per cent and £33m in band 3 at 9 per cent.

In the afternoon further assistance of £377m was given through outright purchases of £131m of eligible banks bills in band 1 at 9⅞ per cent and in band 2 £30m of Treasury bills, £29m of local authority bills and £106m of eligible bank bills, all at 9⅞ per cent. In band 3 it bought £81m of eligible bank bills at 9⅞ per cent. Late help came to £40m, making a total of £484m.

In Frankfurt call money was easier at 4.2 per cent despite a net draining of funds as the latest sale and repurchase agreement of DM 3bn failed to compensate for a maturing facility of DM 5.9bn. Commercial banks were comfortably placed to meet end of month minimum reserve requirements, having weathered a drain on funds due to corporate tax payments. However, hopes of an early cut in the West German discount rate, which has been mooted as a result of US pressure, seemed unlikely following Tuesday's disappointing rise in West German money supply.

**UK clearing bank base lending rate, 10 per cent since May 23**

### NEW YORK RATES
(Lunchtime)

| | |
|---|---|
| Prime rate | 8½ |
| Broker loan rate | 9 |
| Fed funds | 6⅞ |
| Fed funds at intervention | 6⅞ |
| **Treasury Bills & Bonds** | |
| One month | 5.93 |
| Two month | 6.06 |
| Three month | 6.24 |
| Six month | 6.35 |
| One year | 6.49 |
| Two year | 6.74 |
| Three year | 7.04 |
| Four year | 7.12 |
| Five year | 7.25 |
| Seven year | 7.34 |
| 10 year | 7.36 |
| 30 year | 7.31 |

### FT LONDON INTERBANK FIXING
(11.00 a.m. June 25)

| Three months US dollars | | Six months US dollars | |
|---|---|---|---|
| bid 6 ⁹⁄₁₆ | Offer 6 ¹¹⁄₁₆ | bid 6 ⁹⁄₁₆ | Offer 6 ¹¹⁄₁₆ |

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

### LONDON MONEY RATES

| June 25 | Over night | 7 days notice | Month | Three Months | Six Months | One Year |
|---|---|---|---|---|---|---|
| Interbank | 9¾-12 | 27⅛-10¼ | 9⅞-10⅛ | 2⅞-9⅞ | 9⅞-9⅞ | 9⅞-9⅞ |
| Sterling CDs | — | — | 9⅞-10⅛ | 2⅞-9⅞ | 9⅞-9⅞ | 9⅞-9⅞ |
| Local Authority Depos | 10-10¼ | 9⅞-10 | 10 | 9⅞ | 9⅞ | 9⅞ |
| Local Authority Bonds | — | — | — | 10¼ | 10 | 9⅞ | 9⅞ |
| Discount Mkt Depos | 10-11 | 10 | 9¾ | 9⅞ | — | — |
| Company Depos | 9⅞-10⅛ | 10⅛-10¼ | 10⅛-10⅛ | 9⅞ | — | — |
| Finance House Depos | — | — | 10⅛ | 9⅞ | 9⅞ | 9⅞ |
| Treasury Bills (Buy) | — | — | 9⅞ | 9⅞ | — | — |
| Bank Bills (Buy) | — | — | 9⅞ | 9⅞ | 9⅞-9⅞ | — |
| Fine Trade Bills (Buy) | — | — | 10⅛ | 10⅞ | 9⅞ | — |
| Dollar CDs | — | — | 6.85-6.90 | 6.9-6.95 | 6.95-7.00 | 7.10-7.10 |
| SDR Linked Depos | — | — | 6⅞-6⅞ | 6⅞-6⅞ | 6⅞-6⅞ | 6⅞-6⅞ |
| ECU Depos | — | — | 7¼-7⅜ | 7¼-7⅜ | 7¼-7⅜ | 7¼-7⅜ |

Treasury Bills (sell): one-month 9⁵⁄₃₂ per cent; three months 9⅝ per cent. Bank Bills (sell): one-month 9⁵⁄₃₂ per cent; three months 9⁵⁄₃₂ per cent. Treasury Bills: Average tender rate at discount 9.5050 per cent. ECGD Fixed Finance Scheme IV reference date May 7 to June 3 (inclusive) 10.176 per cent.

Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 10½ per cent from June 1 1986. Bank Deposit Rates for sums at seven days' notice 4.25-4.375 per cent. Certificates of Tax Deposit (Series 6): Deposit £100,000 and over held under one month 10 per cent; one-three months 10 per cent; three-six months 9⅝ per cent; six-nine months 9⅝ per cent; nine-12 months 9⅝ per cent. Under £100,000 9⅝ per cent from June 25. Deposits held under Series 5 9⅝ per cent. Deposits withdrawn for cash 5½ per cent.

### MONEY RATES

| June 25 | Ovr-night | One Month | Two Months | Three Months | Six Months | Lombard Int'v'tn |
|---|---|---|---|---|---|---|
| Frankfurt | 4.10-4.95 | 4.40-4.50 | 4.45-4.60 | 4.45-4.60 | 4.50-4.65 | 0.6 |
| Paris | 7¼ | 7⅛-7¼ | 7⅛-7¼ | 7⅛-7¼ | 7⅛-7¼ | 7 |
| Zurich | 7⅛-1⅛ | 5⅞-5⅞ | — | 5⅞-5⅞ | — | — |
| Amsterdam | 6⅞-6⅞ | 6⅛-6⅛ | — | 6.0⅛ | — | — |
| Tokyo | 4.71875 | 4.65625 | — | 4.71875 | — | — |
| Milan | 12⅛-12⅛ | 12⅛-10⅛ | — | 12-12⅛ | — | — |
| Brussels | 4.05 | 7⅛-7⅛ | — | 7⅛-7⅞ | — | — |
| Dublin | 9⅞-9⅞ | 9⅞-9⅞ | 9⅞-9⅞ | 9⅞-9⅞ | 9⅞-9⅞ | — |

# LONDON SHARE SERVICE

## BRITISH FUNDS

| 1986 High | Low | Stock | Price £ | + or − | Yield Int. | Red. |
|---|---|---|---|---|---|---|
| | | **"Shorts" (Lives up to Five Years)** | | | | |
| 102 | 100 | Exch 14pc 1986 | 101 | − | 13.81 | 9.49 |
| 98⅞ | 94⅞ | Exch. 2½pc 1986 | 98¼ | | 2.54 | 6.89 |
| 102 | 100¼ | Exch. 13¼pc 1987 | 102 | ..... | 12.98 | 9.41 |
| 100⅞ | 97 | Treas 10¼pcCv '87 | 100 | + | 10.39 | 9.24 |
| 97 | 92 | Exch 2½pc 1987 | 97⅛ | −⅛ | 2.37 | 6.97 |
| 101¾ | 97½ | Exch. 10½pc 1987 | 100⅞ | + | 10.41 | 9.23 |
| 98⅝ | 93⅝ | Funding 6½pc '85-87‡‡ | 98 | | 6.62 | 8.72 |
| 101¼ | 96 | Treas. 10pc 1987 | 100 | + | 9.93 | 9.22 |
| 97 | 90¾ | Treas 3pc 1987 | 96 | − | 3.11 | 6.71 |
| 104½ | 99⅛ | Treas. 12pc 1987 | 103½ | + | 11.59 | 9.12 |
| 99¾ | 92 | Treas 7¾pc 1985-88‡‡ | 98 | | 7.87 | 8.83 |
| 104 | 96⅝ | Exch 10½pc '88 | 102 | + | 10.24 | 8.96 |
| 102⅞ | 95¼ | Treas 9¾pc Cv '88 | 101 | + | 9.63 | 9.00 |
| 94¼ | 86⅝ | Transport 3pc '78-88 | 92⅞ | | 3.23 | 6.85 |
| 102⅞ | 93 | Treas 9½pc '88 | 100¼ | + | 9.43 | 9.11 |
| 107 | 98 | Treas 11½pc 1989 | 105½ | + | 10.90 | 9.11 |
| 103½ | 93⅛ | Treas 9½pc Cnv '89 | 101 | + | 9.37 | 8.89 |
| 92¾ | 82 | Treas 3pc 1989 | 90½ | | 3.32 | 6.67 |
| 105 | 95 | Treas 10½pc 1989 | 103 | + | 10.14 | 9.10 |
| 104 | 94⅛ | Exch. 10pc 1989 | 102 | + | 9.76 | 9.09 |
| 107 | 97 | Exch 11pc 1989 | 105⅛ | + | 10.46 | 9.15 |
| 93 | 84½ | Treas 5pc 1986-89 | 92 | − | 5.42 | 7.67 |
| 110 | 96⅝ | Exch 10¼pcCv '89 | 106⅛ | + | 9.64 | 8.04 |
| 114 | 103 | Treas 13pc 1990‡‡ | 111 | + | 11.64 | 9.07 |
| 108⅛ | 91⅛ | Exch 11pc 1990‡‡ | 105 | + | 10.41 | 9.11 |
| 113¾ | 101 | Exch. 12½pc 1990 | 110 | + | 11.29 | 9.05 |
| 89¼ | 79⅞ | Treas. 3pc 1990 | 88 | + | 3.38 | 6.34 |
| 100 | 89⅛ | Treas 8¼pc 1987-90‡‡ | 98½ | + | 8.38 | 8.70 |
| 106 | 93 | Treas. 10pcCv 1990 | 103½ | + | 9.67 | 9.02 |
| 86 | 76½ | Exch 2½pc 1990 | 85 | + | 2.91 | 6.19 |
| 112 | 99 | Treas 11¾pc 1991 | 109⅞ | + | 10.69 | 9.04 |
| 94¼ | 83 | Funding 5¾pc '87-91‡‡ | 95½ | + | 6.15 | 7.38 |
| 86⅛ | 86 | Treas 3pc 1991 | 86 | | 3.49 | 6.39 |
| | | **Five to Fifteen Years** | | | | |
| 110⅝ | 96 | Exch. 11pc 1991 | 108⅛ | + | 10.15 | 8.97 |
| 118¼ | 103⅝ | Treas 12¾pc 1992‡‡ | 115⅝ | + | 11.03 | 9.11 |
| 107¾ | 92 | Treas 10pc 1992 | 104¼ | + | 9.59 | 9.01 |
| 109¼ | 94 | Treas 10½pc Cv 1992‡‡ | 106⅛ | + | 9.87 | 9.06 |
| 117¾ | 101 | Exch. 12¼pc '92 | 114 | + | 10.75 | 9.22 |
| 123¾ | 106⅞ | Exch 13½pc 1992 | 119½ | + | 11.30 | 9.29 |
| 108 | 94⅛ | Treas 10pc 1993‡‡ | 104⅛ | + | 9.58 | 9.12 |
| 120⅞ | 103½ | Treas 12½pc 1993‡‡ | 116½ | + | 10.73 | 9.27 |
| 92 | 78½ | Funding 6pc 1993‡‡ | 91⅛ | + | 6.55 | 7.52 |
| 128¼ | 109 | Treas 13¾pc 1993‡‡ | 123¼ | + | 11.16 | 9.32 |
| 133¼ | 114 | Treas 14½pc 1994‡‡ | 128¼ | + | 11.26 | 9.19 |
| 127¼ | 108½ | Exch 13½pc 1994 | 122¼ | + | 11.00 | 9.33 |
| 122¼ | 103 | Exch. 12½pc 1994 | 157⅞ | + | 10.63 | 9.36 |
| 104 | 86⅞ | Treas 9pc 1994‡‡ | 99¼ | + | 9.02 | 9.03 |
| 120¼ | 101½ | Treas 12pc 1995 | 315¼ | + | 10.41 | 9.37 |
| 78¼ | 68⅛ | Gas 3pc '90-95 | 78⅛ | + | 3.84 | 6.25 |
| 110½ | 92¼ | Exch. 10¼pc 1995 | 105⅝ | + | 9.70 | 9.32 |
| 126¼ | 106¼ | Treas 12¾pc 1995‡‡ | 120¼ | + | 10.56 | 9.36 |
| 133¼ | 111 | Treas. 14pc '96 | 127¼ | + | 10.96 | 9.52 |
| 103⅞ | 86 | Treas 9pc 1992-96‡‡ | 99½ | + | 9.05 | 9.07 |
| 142¼ | 120 | Treas 15¼pc 1996‡‡ | 136⅛ | + | 11.18 | 9.48 |
| 130½ | 110 | Exch 13¼pc 1996‡‡ | 124⅝ | + | 10.63 | 9.37 |
| 84½ | 74¼ | Redemption 3pc 1986-96 | 83¼ | + | 3.60 | 5.12 |
| 106⅞ | 103⅞ | Conversion 10pc 1996 | 104⅝ | + | 9.56 | 9.29 |
| 151 | 110 | Treas 13¼pc 1997‡‡ | 125¼ | + | 10.59 | 9.44 |

## ENGINEERING—Continued

| 1986 High | Low | Stock | Price | + or − | Div Net | C'vr | Y'ld Gr's | P/E |
|---|---|---|---|---|---|---|---|---|
| 61½ | 35 | Blackwood Hodge | 53 | .... | N1.0 | — | 2.2 | 9.9 |
| 625 | 260 | Boulton Engineers £1 | 610 | ..... | 12.0 | 3.7 | 2.8 | 13.8 |
| 19 | 8 | Boulton Wm 10p | 18 | −½ | — | — | — | — |
| 122 | 75 | Braithwaite £1 | 113 | ..... | 9.1 | 0.3 | ‡ | — |
| 87 | 61 | Brasway 10p | 84 | ..... | 2.0 | 3.6 | 3.4 | 14.3 |
| 7 | 4 | Bristol Ch.Ship10p | 5½ | .... | — | — | — | 11.5 |
| 119 | 34 | Bromsgrove Inds 5p | 116 | .... | 1.0 | 3.1 | 1.2 | 29.1 |
| 26 | 15 | Bronx Eng. 10p | 22½ | .... | 0.5 | 1.6 | 3.1 | 23.6 |
| 50 | 25 | Brooke Tool 5p | 40 | −2 | 1.25 | 3.9 | 4.4 | 8.0 |
| 30 | 19 | Brown (John) | 29 | .... | — | — | — | — |
| 305 | 195 | Bullough 20p | 288 | ..... | 8.2 | 2.6 | 4.1 | 13.4 |
| 91 | 56½ | Camford Eng. | 98 | ..... | — | — | — | ♦ |
| 405 | 253 | Cardo Eng. | 360 | ..... | 12.5 | 2.6 | 4.9 | 9.9 |
| 98 | 56 | Castings 10p | 98 | ..... | 3.0 | ♦ | 4.3 | ♦ |
| 205 | 58 | Chamberlin & Hill | 88 | .... | 3.5 | ♦ | 5.6 | ♦ |

## INDUSTRIALS—Continued

| 1986 High | Low | Stock | Price | + or − | Div Net | C'vr | Y'ld Gr's | P/E |
|---|---|---|---|---|---|---|---|---|
| 28 | 20½ | Anglo Nordic | 26 | | 1.4 | 3.2 | 7.6 | 5.0 |
| 135 | 117 | Antler 5p | 117 | | 5.0 | 2.4 | 3.5 | 16.6 |
| 405 | 180 | Appledore A & P 10p | 180 | | 6.0 | 2.9 | 4.7 | 10.1 |
| 46 | 32 | Arenson 10p | 39 | | | — | 1.4 | 4.9 |
| 32 | 23 | Armour Trust 10p | 31 | | 0.2 | 7.0 | 0.9 | 16.0 |
| 83 | 51 | Ashley Ind. Tst. | 53 | | — | — | — | 39.7 |
| 11½ | 5½ | Assoc Br Eng 1p | 9 | −½ | — | — | — | — |
| 445 | 260 | Do. 8pcCumCnRdPf | 400 | | 8% | — | 2.8 | — |
| 312½ | 186½ | Assoc Brit Ports | 300 | | 15.0 | 5.5 | 2.1 | 15.6 |
| 40 | 18 | Assoc. Energy 5p | 37 | | — | — | — | — |
| 500 | 333 | Assoc Heat Services | 482 | | 14.0 | ♦ | 4.2 | ♦ |
| | | For Assoc Steel Distributors see ASD | | | | | | |
| 135 | 95 | Astb'y & Madeley 20p | 133 | | 3.5 | 3.0 | 4.8 | 9.9 |
| £64⅝ | £45½ | Astra AB Sk25 | £63 | | 015% | ♦ | 0.6 | ♦ |
| 373 | 262 | Avon Rubber £1 | 357 | +5 | 7.40 | 7.2 | | 12.9 |
| | | BBA Group | 241 | −6 | | 7.0 | 1.2 | |

## INDUSTRIALS—Continued

| 1986 High | Low | Stock | Price | + or − | Div Net | C'vr | Y'ld Gr's | P/E |
|---|---|---|---|---|---|---|---|---|
| 114 | 49 | No-Swift 5p | 108 | ..... | 9.3 | ♦ | 5.0 | ♦ |
| 1303 | £228 | OCE 9pc Cnv 1987-92 | £303 | ..... | Q9% | — | 13.5 | — |
| 118 | 80 | Oakwood Grp | 118 | ..... | 5.0 | 1.3 | 6.4 | 15.3 |
| 250 | 205 | Office & Elect | 238 | ..... | 8.5 | 2.9 | 5.0 | 9.7 |
| 102 | 70 | Ofrex 20p | 87 | ..... | †4.0 | 2.6 | 6.5 | 7.7 |
| 36 | 24 | ♦Optometrics $0.01 | 24 | ..... | — | — | — | — |
| 765 | 500 | Oriflame £1 | 755 | ..... | 24.5 | 2.1 | 4.6 | 14.7 |
| 10 | 6 | Oyenstore 12½p | 6 | ..... | Q3.23d | 1.9 | 14.1 | 3.7 |
| | | For Ozalid 9pc Cnv see OCE 9pc Cnv | | | | | | |
| 142 | 85 | ♦PCT Grp 10p | 132 | ..... | 3.2 | 1.2 | 5.0 | (32.5) |
| £20½ | 950 | PLM 'B' Sk 25 | £14¼ | +¼ | Q23.2% | 8.3 | 4.6 | — |
| 184 | 114 | PSM Intl | 177 | −1 | d5.5 | 2.1 | 4.4 | 13.5 |
| 255 | 167 | ♦Pacer Systems $0.01 | 208 | ..... | tdQ3.84c | 3.4 | 1.3 | 22.3 |
| 78 | 36 | ♦Pacific Sales 10p | 64 | ..... | 3.0 | 2.1 | 6.6 | 8.4 |
| 342 | 225 | Park Place 10p | 330 | ..... | ♦6.25 | 1.9 | 2.7 | 27.7 |
| 445 | 246 | Parker Knoll 'A' | 423 | −4 | 19.5 | 2.9 | 3.2 | 15.4 |
| 525 | 208 | ♦Parkfield Group 5p | 485 | +10 | 12.0 | 2.4 | 0.7 | 81.1 |
| 53 | 30 | ♦Pavion Intl | 38 | ..... | — | — | — | 10.1 |
| £130 | £92 | Do 11pc CvLn '94-02 | £103 | ..... | Q11% | — | 11.1 | — |
| 527 | 393 | Pearson | 515 | +5 | 10.0 | 2.0 | 2.7 | 17.2 |
| 26 | 12 | Peek Holdings 7p | 23 | ..... | — | — | — | — |
| 130 | 88 | Peerless | 123 | ..... | 6.3 | — | 7.2 | — |
| 890 | 283 | Pentland 10p | 860 | +5 | 1.5 | 22.4 | 0.2 | 24.4 |
| £14 | 775 | Photo-Me | £12 | +½ | †5.00 | 8.3 | 8.6 | — |
| 475 | 515 | Pilkington Br. £1 | 488xd | −5 | 13.5 | ♦ | 4.7 | ♦ |
| £308 | £293 | Pitney-Bowes Cnv. Ln. | £308xd | ..... | Q5½% | — | 1.4 | — |
| 96 | 52 | Plastic Const. 10p | 83 | ..... | 2.8 | 2.0 | 4.8 | 14.6 |
| 9½ | 7 | Platignum 5p | 7½ | ..... | — | — | — | — |
| 165 | 115 | ♦Plaxton Int. | 160 | ..... | †2.8 | 3.2 | 2.5 | 15.9 |
| 17 | 9½ | Polymark 10p | 14 | ..... | B— | — | — | — |
| 95 | 49 | Do. CnPfA £1 | 80 | ..... | 10% | — | 17.6 | — |
| 365 | 195 | Portals | 340 | −5 | h7.33 | 3.2 | 3.0 | 14.7 |
| 314 | 258 | Powell Duffryn 50p | 296 | ..... | 11.2 | ♦ | 7.5 | ♦ |
| 157 | 100 | Prestwich | 120 | ..... | hd0.53 | 7.8 | 0.6 | 23.5 |
| 131 | 59 | Pritchard Svs. | 127xd | ..... | ♦2.55 | ♦ | 2.8 | ♦ |
| 61 | 35 | ♦Protimeter 5p | 60 | ..... | ♦1.0 | 4.1 | 2.4 | 14.5 |
| £13¼ | 775 | Quotron Systems $0.10 | £12½ | −¼ | ♦— | — | — | — |
| 216 | 97 | RFD Group 10p | 202xd | ..... | ♦5.12 | ♦ | 3.6 | ♦ |
| 130 | 124 | Radiant Metal | 128 | ..... | 2.5 | 0.7 | 2.8 | — |
| 40 | 14 | ♦Ramco Oil 10p | 16 | ..... | 0.7 | ♦ | 6.2 | ♦ |
| 589 | 420 | Rank Org | 510 | ..... | 15.0 | 1.0 | 4.1 | 15.8 |
| 300 | 220 | Rauma-Repola Oy | 280 | ..... | Q10% | ♦ | 11.7 | ♦ |
| 900 | 607 | Reckitt & Colman | 794 | +4 | 16.0 | 2.4 | 2.8 | 17.0 |
| 243 | 118 | Redfearn Glass | 220 | ..... | †12.0 | 6.2 | 1.3 | 13.0 |
| 270 | 198 | Reed Exec 10p | 265 | ..... | †11.0 | 4.3 | 1.6 | 20.4 |
| 995 | 653 | Reed Intl. £1 | 904xd | −5 | 22.5 | a3.3 | 3.2 | 11.3 |
| 170 | 134 | Relyon | 370 | ..... | 4.65 | 2.5 | 3.7 | 13.8 |
| 295 | 260 | Renwick Group | 265 | ..... | — | — | — | 17.6 |
| 102 | 88 | Restmor | 88 | ..... | — | — | — | — |
| 498 | 345 | Reuters 'B' 10p | 496 | −2 | 4.0 | 2.0 | 6.4 | 10.9 |
| 32 | 21 | Rexmore | 27 | ..... | 5.25 | 4.2 | 0.9 | 36.5 |
| 160 | 109 | Ricardo | 145 | ..... | 21.0 | 2.1 | ‡ | 10.3 |
| 150 | 98 | Robertson Rsch 10p | 102 | ..... | †2.75 | 3.9 | 2.7 | 12.5 |
| 35 | 15½ | Rock 10p | 27½ | −½ | †h2.1 | 3.1 | 2.9 | 7.9 |
| 55 | 31 | Rockware | 49 | ..... | — | — | — | 32.8 |
| 77 | 60 | ♦Rolfe & Nolan 10p | 70 | ..... | — | — | — | 19.7 |
| 132 | 128 | Ropner | 137 | +1 | 2.0 | ♦ | 4.1 | ♦ |
| 146 | 120 | Do. 'A' | 124 | −2 | 6.5 | 2.0 | 6.7 | 10.5 |
| 3½ | 1¾ | Rotaprint 5p | 2½ | ..... | 6.5 | 2.0 | 7.4 | 9.5 |
| 130 | 95 | Russell (A.) 10p | 97 | −1 | †1.33 | 1.6 | 1.9 | 45.7 |
| 38 | 29 | Ryan Int'l 5p | 36 | ..... | — | — | — | 9.9 |
| 139 | 115 | SGAC Intl 10p | 121 | −1 | 61.5 | 3.8 | 1.7 | 20.9 |

## LEISURE—Continued

| 1986 High | Low | Stock | Price | + or − | Div Net | C'vr | Y'ld Gr's | P/E |
|---|---|---|---|---|---|---|---|---|
| 391 | 280 | Pleasurama 5p | 295 | ..... | 7.5 | 3.2 | 3.6 | [illegible] |
| 178 | 136 | Do. 7pcCnCnvRedPf | 139 | −1 | 7% | — | 7.1 | [illegible] |
| | | For Pres Entertainment see Hotels | | | | | | |
| 43 | 18 | ♦Radio City 'A' N/V | 38 | ..... | — | — | — | [illegible] |
| 48 | 33 | ♦Radio Clyde N/V | 42 | ..... | 3.25 | 0.9 | 10.9 | [illegible] |
| 385 | 322 | Really Useful Grp 5p | 385 | ..... | h11.25 | 2.2 | 4.1 | [illegible] |
| 64 | 44 | Riley Leisure 10p | 54 | +6 | — | — | — | [illegible] |
| 230 | 165 | Saga Hols. 20p | 168 | ..... | 4.6 | 2.6 | 3.9 | [illegible] |
| 355 | 255 | Samuelson Grp 20p | 255 | −10 | 2.4 | ♦ | 1.3 | [illegible] |
| 123 | 73 | ♦Sangers Photo 10p | 104xd | ..... | ♦2.2 | ♦ | 3.0 | [illegible] |
| 178 | 140 | ♦Scanro 50p | 140xd | −5 | 4.0 | 3.5 | 4.0 | [illegible] |
| 338 | 175 | Scot. TV 10p | 330xr | ..... | 10.5 | 3.0 | 4.4 | [illegible] |
| 294 | 114 | SeaCo Inc $0.125 | 164 | +7 | — | — | — | [illegible] |
| 26 | 7 | ♦SelecTV 10p | 17 | ..... | — | — | — | [illegible] |
| 37 | 20 | ♦Spectrum 5p | 22 | +1 | †1.23 | 4.8 | ‡ | [illegible] |
| 43 | 31 | [illegible] 5p | 43 | +1 | †1.7 | 2.4 | 5.6 | [illegible] |
| 252 | 150 | TVS N/Vtg 10p | 252 | +4 | 8.0 | 2.5 | 4.5 | [illegible] |
| 398 | 110 | ♦Television Svcs 50p | 238 | ..... | 2.0 | 1.6 | 2.0 | [illegible] |
| 72 | 50 | Tottenham Hotspur | 70 | ..... | $4.0 | — | ‡ | [illegible] |
| 96 | 66 | ♦Trilion 10p | 80xd | ..... | 11.1 | 3.3 | 1.9 | [illegible] |
| 260 | 140 | ♦Tyne Tees TV 'A' £1 | 255 | ..... | a10.5 | ♦ | 5.8 | [illegible] |
| 135 | 104 | Ulster TV N/V 'A' | 134 | ..... | †5.25 | 2.6 | 5.5 | [illegible] |
| 100 | 61 | ♦Vrearplan 5p | 85 | ..... | a1.26 | — | 2.1 | [illegible] |
| 198 | 118 | WSL 5p | 187 | −1 | — | — | — | [illegible] |
| 28 | 17½ | ♦Webb (Jos.) 5p | 24 | ..... | d0.5 | 0.7 | 3.0 | [illegible] |
| 27½ | 16½ | ♦Williams (Rex) 5p | 20 | ..... | 0.91 | 1.0 | 6.4 | [illegible] |
| 186 | 125½ | Zetters 5p | 167 | ..... | †4.0 | 3.6 | 3.4 | [illegible] |

## MOTORS, AIRCRAFT TRADES

### Motors and Cycles

| 1986 High | Low | Stock | Price | + or − | Div Net | C'vr | Y'ld Gr's | P/E |
|---|---|---|---|---|---|---|---|---|
| 71 | 28 | BL 50p | 46 | −2 | — | — | — | [illegible] |
| 270 | 235 | Gen. Mtrs. Units | 255 | −5 | Q25c | — | 6.7 | [illegible] |
| 136 | 114 | Group Lotus 10p | 136 | ..... | ♦— | — | — | [illegible] |
| 484 | 386 | Honda Motor Y50 | 465 | ..... | Q24% | ♦ | 1.0 | [illegible] |
| 535 | 335 | Jaguar | 525 | +2 | 8.6 | 4.6 | 2.3 | [illegible] |
| 41 | 19 | ♦Reliant Motor 10p | 25 | ..... | — | — | — | [illegible] |
| £41 | £28½ | Volvo Kr25 | £36¼ | +¼ | vQ34% | ♦ | 2.1 | [illegible] |

### Commercial Vehicles

| 1986 High | Low | Stock | Price | + or − | Div Net | C'vr | Y'ld Gr's | P/E |
|---|---|---|---|---|---|---|---|---|
| 80 | 35 | ERF (Hldgs) | 75 | +18 | B— | — | — | [illegible] |
| 92 | 72 | Plaxtons (GB) | 72 | ..... | 4.5 | 1.6 | 9.0 | [illegible] |

### Components

| 1986 High | Low | Stock | Price | + or − | Div Net | C'vr | Y'ld Gr's | P/E |
|---|---|---|---|---|---|---|---|---|
| 245 | 139 | AE | 245 | ..... | ♦†5.0 | 2.2 | 2.9 | [illegible] |
| 240 | 145 | Abbey Panels | 240 | ..... | 2.0 | 9.3 | 1.2 | [illegible] |
| 78 | 44 | Aerospace Eng | 60 | ..... | ♦d2.52 | 1.8 | 5.9 | [illegible] |
| 56 | 34 | Airflow Streamlines | 52xd | ..... | 1.5 | 4.0 | 4.1 | [illegible] |
| 141 | 69½ | Armstrong Eq. 10p | 128 | −1 | †2.1 | 5.3 | 1.2 | [illegible] |
| 82 | 68 | ♦BTS 10p | 74 | ..... | hd3.9 | 2.0 | 7.4 | [illegible] |
| 240 | 172 | Dowty 50p | 224 | +5 | †5.0 | 2.2 | 3.1 | [illegible] |
| 400 | 308 | FR Group | 367 | ..... | †5.13 | 4.4 | 1.2 | [illegible] |
| 109 | 55 | Kwik-Fit Hldgs. 10p | 105 | −1 | 2.1 | 2.9 | 2.8 | [illegible] |
| 653 | 473 | Lucas Inds. £1 | 590 | +2 | †11.0 | 4.3 | 2.6 | [illegible] |
| 99 | 85 | ♦Spice 5p | 92 | ..... | d2.8 | 2.2 | 4.3 | [illegible] |
| 72 | 43 | Supra Group 10p | 69 | ..... | 2.2 | 2.6 | 4.9 | [illegible] |
| 59 | 32 | Woodhead (J.) | 47 | ..... | 0.1 | — | 8.3 | [illegible] |

### Garages and Distributors

| 1986 High | Low | Stock | Price | + or − | Div Net | C'vr | Y'ld Gr's | P/E |
|---|---|---|---|---|---|---|---|---|
| 19 | 7¾ | Alexanders 10p | 18½ | −½ | — | — | — | [illegible] |
| 167 | 78 | Appleyard Grp. | 138 | −5 | 5.0 | 3.4 | 5.1 | [illegible] |
| 48½ | 24 | BSG Int. 10p | 47½ | ..... | 1.1 | 2.4 | 3.3 | [illegible] |
| 314 | 183 | Bramall (C. D.) | 285 | +2 | d7.77 | 3.3 | 3.8 | [illegible] |

## MINES—Continued

### Miscellaneous

| 1986 High | Low | Stock | Price | + or − | Div Net | C'vr | Y'ld Gr's |
|---|---|---|---|---|---|---|---|
| 42 | 26 | Anglo Utd Dev | 28 | ..... | d1.05 | ♦ | 5.4 |
| 80 | 45 | ♦Colby Res Corp | 55 | ..... | — | — | — |
| 300 | 160 | Cons. Murch. 10c | 365 | ..... | Q100c | ♦ | 11.2 |
| 34 | 28 | ♦Emmer Int. 10p | 33 | ..... | — | — | — |
| 102 | 70 | Greenwich Res | 97 | ..... | — | — | — |
| 157 | 93 | Hampton Areas 10p | 153 | ..... | ♦1.0 | — | 0.9 |
| 250 | 165 | ♦Highwood Res | 235 | ..... | — | — | — |
| £19¼ | £13½ | Homestake Mining $1 | £14¾ | ..... | Q20c | — | 1.0 |
| 310 | 175 | ♦McFinley Red Lake | 200 | ..... | — | — | — |
| 285 | 195 | ♦Muzo Explorations | 220 | −10 | — | — | — |
| 51 | 33 | ♦New Sabina Res C$1 | 38 | ..... | — | — | — |
| 260 | 207 | ♦Northgate C$1 | 210 | −10 | — | — | — |
| 790 | 511 | RTZ | 595 | −5 | 22.0 | 2.0 | 5.2 |
| £160 | £115 | Do 9¾pcLn '95-2000 | £134½ | −1½ | Q9½% | 11.5 | 7.3 |
| 950 | 800 | ♦Tara Exploration $1 | 875 | ..... | — | — | — |

## NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution, this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 29 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock".
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- ♥ Not officially UK listed; dealings permitted under Rule 535(4)(a).
- ♦ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 535(3).
- ¶ Price at time of suspension.
- [illegible] Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
- [illegible] Merger bid or reorganisation in progress.
- [illegible] Not comparable.
- [illegible] Same interim; reduced final and/or reduced earnings indicated.
- [illegible] Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ∥ No par value.

B.Fr. Belgian Francs. Fr. French Francs. ¶¶ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend. P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment. Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1986-87. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1986. K Figures based on prospectus or official estimates for 1984. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1985-86. N Dividend and yield based on prospectus or other official estimates for 1985. P Figures based on prospectus or other official estimates for 1983. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

## REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

| Stock | Price | + or − |
|---|---|---|
| Albany Inv 20p | 118 | |
| Craig & Rose £1 | £13 | |
| Finlay Pkg. 5p | 43 | |
| Holt (Jos) 25p | 800 | |
| IoM Stm. £1 | 87 | |

**IRISH**

| Stock | Price | + or − |
|---|---|---|
| Fund 11¾% 1988 | £103¼ | |
| Nat 9¾% 84/89 | £101¼ | |
| Fin 13% 97/02 | £122⅝ | +¼ |
| Arnotts | 517 | |
| CPI Hldgs | 43 | |
| Carroll Inds. | 146 | |
| Dublin Gas | 53 | |
| HaOIR (B.H.) | 75 | |
| Heiton Hldgs. | 11 | |
| Irish Ropes | 110 | |
| Unidare | 190 | |

"Recent Issues" and "Rights" Page 43
(International Edition Page 23)

# LONDON STOCK EXCHANGE

## Gilts continue higher and equities rise despite cash shortage

**Account Dealing Dates**

| *First Dealings | Option Declarations | Last Dealings | Account Day |
|---|---|---|---|
| June 2 | June 12 | June 13 | June 23 |
| June 16 | June 26 | June 27 | July 7 |
| June 30 | July 10 | July 11 | July 21 |

* "New-time" dealings may take place from 9.30 am two business days earlier.

The revival in Gilt-edged securities continued yesterday and once again the authorities were able to supply stock. Sterling's fresh advance against the dollar was a stimulant and investors were also encouraged by the US bond market's response to expectations of a Discount rate cut, providing the latest US Treasury mini-refunding programme is successfully completed.

Shortly after the opening in London the Government broker was approached for supplies of the two remaining tranches of the four £150m taplets announced last Friday; the two longer-dated stocks ran out on Tuesday. A bid of 99⅞ brought the exhaustion of Treasury 9 per cent 1994, while one of 103⅞ mopped up the residue of the short-dated Treasury 10 per cent Convertible, 1990.

Domestic money made the larger contribution but fresh inflows of overseas funds were attracted by the rising pound. Reports that Opec oil ministers were divided on output increases failed to dampen the pound's performance in foreign exchange markets. Slightly easier London money market rates were a help and sentiment was not disturbed by reports that the Japanese Central bank was not considering a discount rate reduction.

Most of the action in the Gilt market was at the longer end and selected stocks rose ⅞ more before easing at close a net ½ up. A slightly better trade was reported in the shorts but prices were unable to make any real headway, while the index-linked sector was virtually untested.

A more convincing resumption of last week's good rise in equities owed much to Tuesday's bounce on Wall Street. Cash shortages were obvious because of the heavy subscriptions to the Thames TV and Morgan Grenfell share flotations and the lack of funds finally took a toll on the market. Many leading shares were subject to book-squaring and position adjusting by the newer market makers ahead of Friday's close to the current trading Account.

The upshot was that the FT-SE 100 share index eased back from an early high of 1633.4 to end 4.5 up on the session at 1629.4. The rise in the FT Ordinary was similarly reduced, from 8.9 at 10.12 am to one of 5.4 at the close of 1344.8.

Speculative activity tended to wane despite the announcements of new takeover bids. Textile group John Crowther is attempting to acquire two smaller companies within the sector.

### Brown Shipley volatile

Brown Shipley soared to a new peak of 700p in immediate response to the announcement that Henry Ansbacher and its parent company, Group Bruxelles Lambert SA had sold their 20.7 per cent stake in the company to Kredietbank SA Luxembourgeoise for 750p per share, but then swiftly retreated on profit-taking to eventually close the session a net 20 lower on balance at 590p; Ansbacher firmed 2 on the news to 84p. Elsewhere, Standard Chartered reflected disappointment that Lloyds did not increase its offer for the company—its initial bid has now been extended to July 12—and fell 9 to 788p, after 785p; Lloyds held the overnight level of 362p. NatWest attracted the only buying interest among the clearers, the old closing 5 dearer at 497p and the new nil-paid 7 better at 292p premium.

Recent casualty C. E. Heath, up 18 at 543p, regained some composure yesterday on further consideration of the chairman's reassuring statement quelling recent reports that Heath's Pinnacle Reinsurance subsidiary is being sued by liquidators of the Bermuda-based Mentor Group. Among other Lloyds Brokers, Willis Faber, reflecting its stake in Morgan Grenfell, added 8 at 423p, while Sedgwick added 9 at 342p. Composites made useful progress with General Accident, at 818p, and GRE, at 868p, up 14 and 15 respectively.

The latest newcomer to the Unlisted Securities Market Smallbone opened at 184p and drifted back to close at 178p, compared with the placing price of 165p.

Dealers reported an improved turnover among Breweries, most of which finished at the day's best. Allied-Lyons, a rising market recently in the wake of the company's presentation to the City, put on 5 to a new peak of 352p. Talk of a broker's bullish circular in the offing lifted Bass 17 to 805p, after 808p, while revived interest was also evident for Whitbread A, 302p, and Greenall Whitley, 187p, up 7 and 8 respectively. Proceedings in secondary counters were enlivened by a batch of company trading statements. Eldridge Pope A closed 10 to the good at 360p in response to the sharply increased interim profits and dividend, while Fuller Smith and Turner spurted 55 to 560p, albeit in an extremely narrow market, following the preliminary results and proposed 100 per cent scrip issue.

Interest in the Building sector was usually confined to the second-line issues. Ibstock Johnsen, a weak market since Monday's announcement of a rights issue, rallied 6 to 172p, while Walter Lawrence continued to improve on vague bid hopes and moved up 4 to 102p.

### Stores subdued

Leading Stores rarely strayed from overnight positions. Woolworth hardened a few pence to 750p with traders again expressing surprise at the lack of activity from unwelcome bidder Dixons. The latter, currently making presentations to leading brokers, closed 2 dearer at 336p. Elsewhere, revived speculative support lifted perennial takeover situation Executex Clothes 14 to 126p. Bid hopes also resurfaced for Bolton Textile, 2 up at 81p, and Ellis and Goldstein, another 4 dearer at 85p. "Call" option business lifted Allebone a few pence to 61p, but lack of support clipped 8 from Goldsmiths at 220p. "Shell" situation Owen and Robinson, the subject of an agreed bid from Messrs Davies and Ratner, were marked 2½ points higher to £36½.

Cable and Wireless featured a rise of 15 at 705p, after 715p, following the good preliminary figures and proposed one-for-one scrip issue. Elsewhere among the Electrical leaders, comment on the annual results brought a reaction of 6 to 194p in Racal. GEC traded relatively quietly after the previous day's speculative advance on BTR bid talk, but late demand left the price 4 better on the day at 212p. BICC hardened a couple of pence to 295p on news of the proposed public offer-for-sale of its Australian subsidiary, Metal Manufacturers; BICC will receive approximately £22m from the issue. Secondary issues were featured by a fall of 20 to 365p in MK Electric on the lower annual earnings. Earlier in the day, MK announced that it had acquired a 5.2 per cent stake in Rotaflex, up 5 at 448p, and that bid discussions were taking place with the company; rival bidders Emess Lighting fell 11 to 322p. Dataserv dipped 10 to 165p on the proposed rights issue, while International Signal, talked of recently as a possible bidder for United Scientific, gave up 8 to 260p. Pifco improved 15 to 230p in a limited market, but profit-taking left Burgess Products 15 down at 236pu and Stone International 10 off at 147p.

Satisfactory preliminary figures left Newman Tonks 8 better at 147p, while Victor Products, reflecting favourable press mention, advanced 8 to 124p. Persistent speculative activity lifted Adwest 20 to 240p, while IMI, helped by a broker's circular, hardened a few pence to 180p. Among the Engineering leaders, Hawker, a dull market since the recent chairman's cautious annual statement, revived with a gain of 12 to 569p. GKN edged up 5 to 371p and Vickers 7 to 460p.

The Foods sector displayed several bright features. S. and W. Berisford returned to prominence with a speculative gain of 6 to 235p on revived hopes of a bid from Ferruzzi. Bejam, another takeover favourite, attracted renewed support and closed 5 dearer at 157p, while Tate and Lyle added 7 at 595p and Rowntree Mackintosh appreciated 8 at 463p. Cadbury Schweppes continued to meet with US support and edged forward a couple of pence more to 182p.

### Beecham improve

Beecham were a relatively active market, advancing to 408p on overnight US demand before easing back to close 5 dearer on balance at 403p; the rise was also accompanied by talk of a company presentation to analysts. Other leading miscellaneous industrials were inclined easier. Glaxo remained an unsettled market on continuing fears about Zantac competition and eased ¼ more to £10⅛. BOC gave up 5 to 307p and Pilkington were a similar amount lower at 408p. Elsewhere, Scapa rose 23 to 495p on vague talk that the company may benefit from proposed US tax cuts. Revised speculative activity lifted Mysou 7 to 133p, but Expamet eased 4 to 196p on the proposed rights issue to partly finance the acquisition of Metal Industries from Thorn EMI. Renewed demand lifted Dwek 5 further to 145p, while Charter Consolidated firmed 6 to 258p in response to the preliminary statement. Channel Tunnel, however, fell 5 to 80p after the annual results. Occasional support lifted Transport Development 5 to 181p, but profit-taking prompted a reaction of 4 to 118p in Waterford Glass.

Riley Leisure jumped 6 to 54p on speculative buying.

ERF justified recent buying interest by revealing an impressive recovery in preliminary profits and advanced 10 before settling 18 higher on balance at 75p. Elsewhere in Motors, revived speculative demand was noted for Dowty, 5 to close at 224p, after 226p.

Publishers retained a selectively firm appearance. Associated Newspapers put on 8 for a two-day gain of 13 to 328p, while associate Daily Mail A closed a half-point dearer at £17½. Buyers also returned for EMAP A, finally 5 up at 190p, but sporadic profit-taking clipped a couple of pence from recent bid favourite Home Counties, 178p. Wight Collins Rutherford Scott, the advertising agency, advanced 17 to 505p in response to the excellent full-year figures. Support was also noted for Aspen Communications, 20 up at 315p. Elsewhere, Ireland's Jefferson Smurfit attracted interest on currency considerations and touched 186p before settling 4 better on balance at 183p.

Interest in Properties was largely confined to the two leaders, Land Securities and MEPC; the former surged forward in the wake of Tuesday's annual general meeting and touched a new peak of 342p on vague takeover speculation before closing the session 8 higher on balance at 341p, while MEPC rose 6 to 353p in sympathy. Elsewhere, Daejan added 10 more to 750p ahead of the annual results scheduled for July 3 and improvements of 25 and 30 respectively were seen in Mountview Estates, 700p, and Brookmount, 300p. Property Trust hardened a fraction to 4½p on news of London Securities' near-14 per cent stake in the company, but Country Gentleman's Association dropped 2 points to £12 following the announcement that the bid for Fredericks Place had become unconditional.

John Crowther, the voracious Textile concern, eased 6 to 159p following its agreed share-exchange offers for A. J. Gelfer, 5 up at 157p, after 163p, and Irish group Sunbeam Wolsey, unchanged at 120p. Textiles closed a shade firmer for choice. Lister advanced 4 more to 89p on support ahead of next Monday's annual results, while fresh demand was noted for John Foster, 5 higher making a two-day gain of 8 to 76p.

Aitken Hume advanced 6 to 167p as unwelcome suitor Tranwood extended its offer to July 8 having received acceptances amounting to 8.8 per cent of the equity.

### Burmah race ahead

The absence of any sustained pressure on crude oil prices as the Opec meeting in Brioni got underway, coupled with overnight US support, helped the oil majors to record modest gains. Shell moved up 12 to 787p and BP settled 5 higher at 588p, while more modest improvements were seen in Britoil, a couple of pence harder at 165p, and Lasmo, a similar amount firmer at 117p.

Burmah were the outstanding performer in the sector and jumped 22 to 412p, having touched a 1986 high of 417p as further strong buying reflected the recent change of direction of the company, away from oil and gas exploration and production and into chemicals; the company announced yesterday the acquisition for $11m of the Chicago-based National West Company. IC Gas rose 5 to 405p following favourable comment on the preliminary results and another firm showing by Belgium's Petrofina in which IC Gas holds a 7.21 per cent stake. Petrofina put on £3½ to a year's high of £122.

Among Overseas Traders, gains of 7 were common to Polly Peck, 170p, and Tozer Kemsley and Millbourn, 184p. Thomas Borthwick improved 4 to 51p on news that the company is involved in discussions concerning the possible sale of part of its Australian meat processing operations to "down-under" interests.

South African mining stocks came under pressure for the fifth consecutive trading day, still disturbed by the two bomb attacks in Johannesburg on Tuesday and fears that today's EEC summit meeting in The Hague could result in further economic sanctions. Business in Golds contracted to minimal levels early on but picked up later in the session as bullion made renewed progress. Dollar prices of Golds dipped initially, but rallied later in line with bullion. Sterling quotations, on the other hand, were affected by the latest rise in the pound against the dollar and the Gold Mines index, calculated in sterling, fell 10.2 more to 193.5, for a five-day decline of 27.4.

A fresh slide in the Australian dollar against sterling and a further decline in overnight Sydney and Melbourne markets prompted an initial mark down of Australian mines. Prices continued to drift during the morning but steadied later in the day to close only a shade above their worst levels. Bond Corporation, a firm market over the past few days amid talk of an imminent deal with Grand Metropolitan Hotels, attracted profit-taking and dropped 13 to 154p, while CRA fell 12 to 268p and Western Mining 10 to a 1986 low of 130p.

### Traded Options

The expiry of the June series boosted total contracts transacted in Traded Options to 28,805—20,908 calls and 4,899 puts. Recent favourites Beecham and Hanson Trust were again to the fore, recording 3,756 and 3,571 calls respectively. Of the non-expiring classes, Land Securities, the subject of takeover chatter, attracted 1,643 calls, while the pleasing full-year figures and proposed scrip issue directed interest to Cable and Wireless which recorded 1,505 calls. Today sees the introduction of traded options in Dixons on the March, June, September and December cycle.

### Coopers & Lybrand to advise airport

COOPERS AND LYBRAND, the accountancy firm, has been appointed to advise one of the country's largest municipal airports, East Midlands International Airport, on the implications of the Airports Bill.

## FINANCIAL TIMES STOCK INDICES

| | June 25 | June 24 | June 23 | June 20 | June 19 | year ago | 1986 High | 1986 Low | Since Compilation High | Since Compilation Low |
|---|---|---|---|---|---|---|---|---|---|---|
| Government Secs | 90.99 | 90.60 | 90.47 | 90.92 | 90.47 | 81.61 | 94.51 | 80.39 | 127.4 | 49.18 |
| Fixed Interest | 96.69 | 96.68 | 96.63 | 96.43 | 96.61 | 86.37 | 97.51 | 86.55 | 150.4 | 50.53 |
| Ordinary ♦ | 1344.8 | 1339.4 | 1338.2 | 1353.4 | 1350.0 | 956.5 | 1425.9 | [illegible] | 1425.9 | 49.4 |
| Gold Mines | 193.5 | 203.7 | 208.5 | 213.8 | 216.7 | 490.0 | 357.0 | 192.3 | 734.7 | 43.5 |
| Ord. Div. Yield | 4.11 | 4.12 | 4.12 | 4.08 | 4.08 | 4.93 | | | | |
| Earnings Yld.% (full) | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | | | | |
| P/E Ratio (net) (*) | 12.35 | 12.31 | 12.33 | 12.41 | 12.36 | 9.88 | | | | |
| Total Bargains (Est.) | 23,166 | 24,575 | 23,689 | 23,574 | 25,454 | 21,762 | | | | |
| Equity Turnover £m. | — | 479.02 | 594.67 | 587.60 | 671.61 | 374.76 | | | | |
| Equity Bargains | — | 21,779 | 22,936 | 23,800 | 23,838 | 17,707 | | | | |
| Shares Traded (ml) | — | 191.6 | 233.4 | 250.7 | 281.1 | 209.5 | | | | |

**S.E. ACTIVITY**

| Indices | June 24 | June 23 |
|---|---|---|
| Gilt Edged Bargains | 129.8 | 123.4 |
| Equity Bargains | 134.7 | 138.6 |
| Equity Value | 968.2 | 1,181.4 |
| 5-Day Average | | |
| Gilt Edged Bargains | 124.6 | 126.4 |
| Equity Bargains | 145.5 | 146.2 |
| Equity Value | 1,160.7 | 1,221.1 |

| ♥ Opening | 10 a.m. | 11 a.m. | Noon | 1 p.m. | 2 p.m. | 3 p.m. | 4 p.m. |
|---|---|---|---|---|---|---|---|
| 1344.7 | 1348.0 | 1347.0 | 1346.8 | 1346.1 | 1344.9 | 1345.2 | 1344.7 |

Day's High 1348.3. Day's Low 1344.0

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55, SE Activity 1974 *Nil=11.91.

LONDON REPORT AND LATEST SHARE INDEX: TEL. 01-246 8026

## FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

| EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section) | Wednesday June 25 1986 Index No. | Day's Change % | Est. Earnings Yield% (Max.) | Gross Div. Yield% (ACT at 29%) | Est. P/E Ratio (Net) | xd adj. 1986 to date | Tues June 24 Index No. | Mon June 23 Index No. | Fri June 20 Index No. | Year ago (approx.) Index No. |
|---|---|---|---|---|---|---|---|---|---|---|
| 1 CAPITAL GOODS (217) | [illegible] | | | | | | | | | |
| 2 Building Materials (26) | [illegible] | | | | | | | | | |
| 3 Contracting, Construction (29) | [illegible] | | | | | | | | | |
| 4 Electricals (12) | [illegible] | | | | | | | | | |
| 5 Electronics (58) | [illegible] | | | | | | | | | |
| 6 Mechanical Engineering (63) | [illegible] | | | | | | | | | |
| 8 Metals and Metal Forming (7) | [illegible] | | | | | | | | | |
| 9 Motors (16) | [illegible] | | | | | | | | | |
| 10 Other Industrial Materials (22) | [illegible] | | | | | | | | | |
| 21 CONSUMER GROUP (183) | [illegible] | | | | | | | | | |
| 22 Brewers and Distillers (22) | [illegible] | | | | | | | | | |
| 25 Food Manufacturing (22) | [illegible] | | | | | | | | | |
| 26 Food Retailing (15) | [illegible] | | | | | | | | | |
| 27 Health and Household Products (10) | [illegible] | | | | | | | | | |
| 29 Leisure (26) | [illegible] | | | | | | | | | |
| 31 Publishing & Printing (14) | [illegible] | | | | | | | | | |
| 32 Packaging and Paper (14) | [illegible] | | | | | | | | | |
| 34 Stores (41) | [illegible] | | | | | | | | | |
| 35 Textiles (17) | [illegible] | | | | | | | | | |
| 36 Tobaccos (2) | [illegible] | | | | | | | | | |
| 39 OTHER GROUPS (86) | [illegible] | | | | | | | | | |
| 41 Chemicals (21) | [illegible] | | | | | | | | | |
| 42 Office Equipment (4) | [illegible] | | | | | | | | | |
| 44 Shipping and Transport (12) | [illegible] | | | | | | | | | |
| 45 Telephone Networks (2) | [illegible] | | | | | | | | | |
| 46 Miscellaneous (49) | [illegible] | | | | | | | | | |
| 49 INDUSTRIAL GROUP (485) | [illegible] | | | | | | | | | |
| 51 Oil & Gas (17) | [illegible] | | | | | | | | | |
| 59 500 SHARE INDEX (502) | [illegible] | | | | | | | | | |
| 61 FINANCIAL GROUP (116) | [illegible] | | | | | | | | | |
| 62 Banks (7) | [illegible] | | | | | | | | | |
| 65 Insurance (Life) (9) | [illegible] | | | | | | | | | |
| 66 Insurance (Composite) (7) | [illegible] | | | | | | | | | |
| 67 Insurance (Brokers) (9) | [illegible] | | | | | | | | | |
| 68 Merchant Banks (11) | [illegible] | | | | | | | | | |
| 69 Property (50) | [illegible] | | | | | | | | | |
| 70 Other Financial (23) | [illegible] | | | | | | | | | |
| 71 Investment Trusts (103) | [illegible] | | | | | | | | | |
| 81 Mining Finance (3) | [illegible] | | | | | | | | | |
| 91 Overseas Traders (14) | [illegible] | | | | | | | | | |
| 99 ALL-SHARE INDEX (736) | [illegible] | | | | | | | | | |
| FT-SE 100 SHARE INDEX ♦ | 1629.4 | +4.5 | [illegible] | | | | | | | |

## FIXED INTEREST

| PRICE INDICES | Wed June 25 | Day's change % | Tues June 24 | xd adj. today | xd adj. 1986 to date |
|---|---|---|---|---|---|
| British Government | | | | | |
| 1 5 years | [illegible] | | | | |
| 2 5-15 years | [illegible] | | | | |
| 3 Over 15 years | [illegible] | | | | |
| 4 Irredeemables | [illegible] | | | | |
| 5 All stocks | [illegible] | | | | |
| Index-Linked | | | | | |
| 6 5 years | [illegible] | | | | |
| 7 Over 5 years | [illegible] | | | | |
| 8 All stocks | [illegible] | | | | |
| 9 Debentures & Loans | [illegible] | | | | |
| 10 Preference | [illegible] | | | | |

AVERAGE GROSS REDEMPTION YIELDS: British Government Low Coupons 5, 15, 25 years; Medium Coupons 5, 15, 25 years; High Coupons 5, 15, 25 years; Irredeemables; Index-Linked Inflation rate 5% 5 yrs., Over 5 yrs.; Inflation rate 10% 5 yrs., Over 5 yrs.; Debs & Loans 5, 15, 25 years; Preference — [illegible]

♦ Opening index 1630.0; 10 am 1633.3; 11 am 1631.5; Noon 1630.8; 1 pm 1630.6; 2 pm 1629.9; 3 pm 1631.3; 3.30 pm 1631.2; 4 pm 1629.5

† Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A new list of constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London EC4P 4BY, price 15p, by post 28p.

## NEW HIGHS AND LOWS FOR 1986

### NEW HIGHS (81)

CORPORATION LOANS (1) Herts 5½pc 1986-87, LOANS (1) Agric. Mort. 5pc 1959-89, AMERICANS (2) Gillette, RJR Nabisco, BANKS (2) Ansbacher (H.), Brown Shipley, BREWERS (4) Allied-Lyons, Buckley's Brew., Fuller Smith Turn. A, Wolv. & Dudley, BUILDINGS (2) Laing (John), Raine Inds., STORES (3) Ellis & Goldstein, Geller (A.J.), House of Lerose, ELECTRICALS (7) Kewill Systems, Microfilm Reprographics, Miles 33, Newmark (Louis), Philips, VG Instruments, Webber Electro, ENGINEERING (4) [illegible], FOODS (1) [illegible], INDUSTRIALS [illegible], INSURANCE (1) [illegible], LEISURE (3) Anglia TV A, LWT, TVS N/V, MOTORS (1) ERF, NEWSPAPERS (3) Assoc. News, EMAP A, News Intl. Spec. Div., PAPER (3) Smurfit (Jefferson), [illegible], Wight Collins RS, PROPERTY (4) Brookmount, Daejan, Land Securities, [illegible], TEXTILES (2) Allied Textile, Lister, TRUSTS [illegible], OILS (4) Burmah, Norsk Hydro, Petrofina SA, Royal Dutch.

### NEW LOWS (46)

INTL. BANK & O'SEAS GOVT. STLG. ISSUES (1) [illegible], AMERICANS (2) Amex, Data General, CANADIANS (1) Trans Canada Pipe, BUILDINGS (1) [illegible], ELECTRICALS [illegible], FOODS [illegible], INDUSTRIALS [illegible], TRUSTS [illegible], OILS (3) [illegible], MINES (16) [illegible].

## BASE LENDING RATES

| | % | | % |
|---|---|---|---|
| ABN Bank | 10 | First Nat. Fin. Corp. | 11 |
| Allied Dunbar & Co | 10 | First Nat. Sec. Ltd | 11 |
| Allied Irish Bank | 10 | ● Robert Fleming & Co | 10 |
| American Express Bk | 10 | Robert Fraser & Ptrs | 11 |
| Amro Bank | 10 | Grindlays Bank | 10 |
| Henry Ansbacher | 10 | ● Guinness Mahon | 10 |
| Associates Cap Corp | 10 | ● Hambros Bank | 10 |
| Banco de Bilbao | 10 | Heritable & Gen. Trust | 10 |
| Bank Hapoalim | 10 | ● Hill Samuel | §10 |
| Bank Leumi (UK) | 10 | C. Hoare & Co | 10 |
| Bank Credit & Comm | 10 | Hongkong & Shanghai | 10 |
| Bank of Cyprus | 10 | Knowsley & Co. Ltd | 10½ |
| Bank of Ireland | 10 | Lloyds Bank | 10 |
| Bank of India | 10 | Edward Manson & Co | 11 |
| Bank of Scotland | 10 | Mase Westpac Ltd | 10 |
| Banque Belge Ltd | 10 | Meghraj & Sons Ltd | 10 |
| Barclays Bank | 10 | Midland Bank | 10 |
| Beneficial Trust Ltd | 11 | ● Morgan Grenfell | 10 |
| Brit. Bk. of Mid. East | 10 | Mount Credit Corp. Ltd | 10 |
| ● Brown Shipley | 10 | National Bk. of Kuwait | 10 |
| CL Bank Nederland | 10 | National Girobank | 10 |
| Canada Permanent | 10 | National Westminster | 10 |
| Cayzer Ltd | 10 | Northern Bank Ltd | 10 |
| Cedar Holdings | 10 | Norwich Gen. Trust | 10 |
| ● Charterhouse Bank | 10 | PK Finans. Intl (UK) | 10 |
| Citibank NA | 10 | Provincial Trust Ltd | 11 |
| Citibank Savings | ¶10.75 | R. Raphael & Sons | 10 |
| City Merchants Bank | 10 | Roxburghe Guarantee | 10½ |
| Clydesdale Bank | 10 | Royal Bank of Scotland | 10 |
| Comm. Bk. N. East | 10 | Royal Trust Co. Canada | 10 |
| Consolidated Credits | 10 | Standard Chartered | 10 |
| Co-operative Bank | *10 | Trustee Savings Bank | 10 |
| The Cyprus Popular Bk | 10 | TCB | 10 |
| Duncan Lawrie | 10 | United Bank of Kuwait | 10 |
| E.T. Trust | 10 | United Mizrahi Bank | 10 |
| Exeter Trust Ltd | 10½ | Westpac Banking Corp | 10 |
| Financial & Gen. Sec. | 10 | Whiteaway Laidlaw | 10½ |
| | | Yorkshire Bank | 10 |

● Members of the Accepting Houses Committee. * 7-day deposits 5.69%. 1-month 6.03%. Top Tier—£25,000+ at 3 months' notice 9.72%. At call when £10,000+ remains deposited. † Call deposits £1,000 and over 6¼% gross. ‡ Mortgage base rate. § Demand deposit 5.62%. Mortgage 11¼%.

## EUROPEAN OPTIONS EXCHANGE

| Series | Vol. | Last | Vol. | Last | Vol. | Last | Stock |
|---|---|---|---|---|---|---|---|
| GOLD C, SFL C, SFL P, ABN C, AEGN C, AH C, AKZO C, AMEV C, AMRO C, GIST C, HEIN C, HOOG C, KLM C, NATN C, PHIL C, RD C, UNIL C ... | [illegible] | | | | | | |

TOTAL VOLUME IN CONTRACTS: 28,076

A=Ask B=Bid C=Call P=Put

## TRADITIONAL OPTIONS

| First Dealings | Last Dealings | Last Declaration | For Settlement |
|---|---|---|---|
| June 23 | July 4 | Sept 25 | Oct 6 |
| July 7 | July 18 | Oct 9 | Oct 20 |
| July 21 | Aug 1 | Oct 23 | Nov 3 |

For rate indications see end of Unit Trust Service

Stocks favoured for the call included STC, Raine, Western Selection, Fobel International, Pavion, North Kalgurli, United Scientific, WSL, United Spring, Hawley, Western Motor, Richardson Westgarth, London Investment Trust, Amstrad, Allebone, Charterhall, BICC, HAT, C. E. Heath, Wiggins, BSR, Johnson and Firth Brown, Sound Diffusion, Breagreen, Acorn Computer and Oceanics. A put was done in Raine, but no doubles were reported.

## YESTERDAY'S ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday

| Stock | Closing price | Day's change | Stock | Closing price | Day's change |
|---|---|---|---|---|---|
| Beecham | 402 | +4 | Glaxo | £10⅛ | −¼ |
| Brown Shipley | 590 | −20 | Land Securities | 341 | +8 |
| Burmah Oil | 412 | +22 | Scapa | 495 | +23 |
| Crowther (J.) | 159 | −6 | [illegible] | [illegible] | [illegible] |
| Dowty | 224 | +5 | Stainless Metalcr. | [illegible] | [illegible] |
| ERF | 75 | +18 | Standard Chartered | 788 | −9 |

## TUESDAY'S ACTIVE STOCKS

Based on bargains recorded in Stock Exchange Official List

| Stock | No. of changes | Tues. close | Day's change | Stock | No. of changes | Tues. close | Day's change |
|---|---|---|---|---|---|---|---|
| Heath (C. E.) | [illegible] | 525 | [illegible] | BAT Inds | [illegible] | [illegible] | [illegible] |
| Glaxo | [illegible] | £10⅜ | [illegible] | BSR Intl | [illegible] | [illegible] | [illegible] |
| GEC | [illegible] | 208 | [illegible] | Rothmans B | [illegible] | [illegible] | [illegible] |
| Wats. Motor A | [illegible] | 167 | [illegible] | Reuters B | [illegible] | [illegible] | [illegible] |
| Wheeln Bk. Ld | [illegible] | [illegible] | [illegible] | Standard Chart | [illegible] | [illegible] | [illegible] |
| Storehouse | [illegible] | 310 | [illegible] | Cable & Wire | [illegible] | [illegible] | [illegible] |

## RISES AND FALLS YESTERDAY

| | Rises | Falls | Same | | Rises | Falls | Same |
|---|---|---|---|---|---|---|---|
| British Funds | 90 | 6 | 16 | Oils | 22 | 15 | [illegible] |
| Corpns, Dom. and Foreign Bonds | [illegible] | [illegible] | [illegible] | Plantations | [illegible] | [illegible] | [illegible] |
| Industrials | [illegible] | [illegible] | [illegible] | Mines | [illegible] | [illegible] | [illegible] |
| Financial and Props. | [illegible] | [illegible] | [illegible] | Others | [illegible] | [illegible] | [illegible] |
| | | | | Totals | 634 | 472 | 1,170 |

## LONDON TRADED OPTIONS

| Option | CALLS July | CALLS Oct. | CALLS Jan. | PUTS July | PUTS Oct. | PUTS Jan. |
|---|---|---|---|---|---|---|
| Allied Lyons, B.P., Cons. Gold, Courtaulds, Com. Union, Cable & Wire, Distillers, G.E.C., Grand Met., I.C.I., Land Sec., Marks & Spencer, Shell Trans., Trafalgar House, Beecham, Boots, BTR, Bass, Blue Circle, De Beers, GKN, Hanson, Lonrho, P&O, Racal, RTZ, Vaal Reefs, Tr. 11¾% 1991, Tr. 11¾% 03/07, Barclays, Imperial Gr., Ladbroke, LASMO, Midland Bank, Thorn EMI, Brit. Telecom, Cadbury Schweppes, BAT Inds, Guinness, FT-SE Index ... | [illegible] | | | | | |

June 25. Total contracts 25,805. Calls 20,906. Puts 4,899. *Underlying security price.

# WORLD STOCK MARKETS

## AUSTRIA

| June 25 | Price Sch. | + or — |
|---|---|---|

## BELGIUM/LUXEMBOURG

| June 25 | Price Frs. | + or — |
|---|---|---|

## DENMARK

| June 25 | Price Kr. | + or — |
|---|---|---|

## FRANCE

| June 25 | Price Frs. | + or — |
|---|---|---|

## GERMANY

| June 25 | Price Dm. | + or — |
|---|---|---|

## ITALY

| June 25 | Price Lira | + or — |
|---|---|---|

## NETHERLANDS

| June 25 | Price Fls | + or — |
|---|---|---|

## NORWAY

| June 25 | Price Kroner | + or — |
|---|---|---|

## SPAIN

| June 25 | Price Pts % | + or — |
|---|---|---|

## SWEDEN

| June 25 | Price Kronor | + or — |
|---|---|---|

## SWITZERLAND

| June 25 | Price Frs. | + or — |
|---|---|---|

## AUSTRALIA

| June 25 | Price Aust.$ | + or — |
|---|---|---|

## AUSTRALIA (continued)

| June 25 | Price Aust.$ | + or — |
|---|---|---|

## HONG KONG

| June 25 | Price H.K.$ | + or — |
|---|---|---|

## JAPAN

| June 25 | Price Yen | + or — |
|---|---|---|

## JAPAN (continued)

| June 25 | Price Yen | + or — |
|---|---|---|

## SINGAPORE

| June 25 | Price $ | + or — |
|---|---|---|

## SOUTH AFRICA

| June 25 | Price Rand | + or — |
|---|---|---|

NOTES—Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all. * Price in Kroner.

# CANADA

## TORONTO

*Prices at 2.30pm June 25*

| Sales | Stock | High | Low | Close | Chng |
|---|---|---|---|---|---|
| 1422 | AMCA Int | | | | |
| 300 | Aberford | | | | |
| 100 | Carl A 1 | $31¼ | 31¼ | 31¼ | |
| 53821 | Carl OK | 313¼ | 15 | 15¼ | +⅛ |
| 1513 | Carma A | 20 | 20 | 20 | |
| 828 | Celanese | 317¾ | 17¾ | 17¾ | |
| 12000 | CentFd A | $5⅞ | 5¾ | 5⅞ | |
| 2148 | Centrl Tr | $20½ | 20 | 20 | −½ |
| 900 | CHUM B 1 | $53½ | 53½ | 53½ | −¼ |
| 2167 | Cominco | $13¾ | 13½ | 13¾ | +⅛ |
| 70542 | Innopac | $10 | 19½ | 19 | +⅝ |
| 19232 | Inter City | $15⅝ | 15⅝ | 15½ | +¼ |
| 44100 | Intl Thom | $12⅛ | 11⅞ | 12 | |
| 1450 | Intpr Pipe | $43½ | 43¼ | 43¼ | −⅜ |
| 106 | Ivaco A 1 | $23⅛ | 23⅛ | 23⅛ | −⅛ |
| 10825 | Jannock | $28⅜ | 28 | 28¼ | +¼ |
| 10903 | Kerr Add | 316 | 15⅝ | 15⅝ | −⅜ |
| 31836 | Labatt | $22½ | 22¼ | 22½ | |
| 400 | Roman | 59 | 9 | 9 | |
| 200 | Rothman | 139 | 39 | 39 | |
| 72730 | Royal Bnk | $32⅛ | 32 | 32⅛ | |
| 4431 | RyTrco A | $32 | 31⅞ | 32 | |
| 12662 | Royex | 350 | 340 | 345 | −5 |
| 12635 | SHL Syst | $25½ | 25 | 25½ | +⅝ |
| 2500 | StL CemA 1 | $15¼ | 15½ | 15½ | −¼ |
| 419 | Sceptre | 265 | 262 | 262 | −3 |

Total Sales 3,154,624 shares

## MONTREAL

*Closing prices June 25*

| Sales | Stock | High | Low | Close | Chng |
|---|---|---|---|---|---|

# Indices

## NEW YORK-DOW JONES

| | June 25 | June 24 | June 23 | June 20 | June 19 | June 18 | 1986 High | 1986 Low | Since Compilation High | Since Compilation Low |
|---|---|---|---|---|---|---|---|---|---|---|
| Industrials | 1,884.00* | 1,875.55 | 1,884.26 | 1,879.54 | 1,855.88 | 1,868.94 | 1885.9 (8/6/86) | 1502.29 (22/1/86) | 1885.9 (8/6/86) | 41.22 (2/7/32) |
| Transport | 785.83* | 781.13 | 782.38 | 778.13 | 772.75 | 781.63 | 830.84 (31/3/86) | 686.97 (8/1/86) | 830.84 (31/3/86) | 12.32 (8/7/32) |
| Utilities | 193.28* | 191.84 | 189.17 | 190.49 | 188.82 | 189.17 | 193.73 (31/3/86) | 169.47 (22/1/86) | 193.73 (31/3/86) | 10.5 (28/4/42) |
| Trading vol | | | | 149.14 | 129.61a | 117.45a | — | — | — | — |

| | June 20 | June 13 | June 6 | Year Ago (Approx) |
|---|---|---|---|---|
| Ind Div Yield % | 3.86 | (n) | 3.60 | 4.63 |

### STANDARD AND POORS

| | June 25 | June 24 | June 23 | June 20 | June 19 | June 18 | 1986 High | 1986 Low | Since Compilation High | Since Compilation Low |
|---|---|---|---|---|---|---|---|---|---|---|
| Industrials | 278.97* | 278.85 | 274.11 | 275.76 | 272.92 | 274.13 | 277.16 (29/5) | 224.88 (22/1) | 277.16 (29/5/86) | 3.62 (30/6/32) |
| Composite | 248.70* | 247.03 | 245.26 | 247.56 | 244.06 | 244.00 | 247.98 (29/5) | 203.49 (22/1) | 247.98 (29/5/86) | 4.40 (1/6/32) |

| | June 11 | June 4 | May 28 | Year Ago (Approx) |
|---|---|---|---|---|
| Ind div yield % | 2.87 | 2.95 | 2.92 | 3.77 |
| Ind. P/E Ratio | 17.86 | 17.91 | 18.03 | 11.54 |
| Long Gov Bond Yield | — | 7.82 | 7.4 | 10.31 |

### N.Y.S.E. ALL COMMON

| June 25 | June 24 | June 23 | June 20 | 1986 High | 1986 Low |
|---|---|---|---|---|---|
| 143.18* | 141.72 | 140.71 | 141.65 | 142.37 (29/5/86) | 117.75 (22/1) |

### RISES AND FALLS

| | June 24 | June 23 | June 20 |
|---|---|---|---|
| Issues traded | 1,983 | 1,958 | 1,964 |
| Rises | 1,041 | 737 | 764 |
| Falls | 561 | 873 | 880 |
| Unchanged | 406 | 340 | 320 |

### NEW YORK ACTIVE STOCKS

| Tuesday | Stocks traded | Closing price | Change on day | | Stocks traded | Closing price | Change on day |
|---|---|---|---|---|---|---|---|
| Gen Kraft | 4,772,200 | 65 | +2⅝ | Philip Mor | 1,398,900 | 72⅝ | +1⅝ |
| Am Gry Gds | 2,313,200 | 65⅛ | +⅛ | Pepsico | 1,357,900 | 34 | +1⅝ |
| AT&T ad | 2,204,400 | 25⅞ | −⅛ | N Med Ent | 1,289,700 | 24½ | +1¼ |
| Amer Corp | 1,490,500 | 55⅝ | −⅞ | IBM | 1,167,100 | 146⅞ | +1⅝ |
| Nabsco RJ | 1,422,900 | 53⅞ | +1⅛ | Utd Air | 1,164,400 | 54½ | −½ |

### TORONTO

| | June 25 | June 24 | June 23 | June 20 | 1986 High | 1986 Low |
|---|---|---|---|---|---|---|
| Metals & Minls | 2,141.2* | 2,121.3 | 2,123.8 | 2,131.11 | 2,442.85 (21/3) | 2,025.3 (21/5) |
| Composite | 3,068.1* | 3,058.1 | 3,052.1 | 3,058.13 | 3,126.11 (18/4) | 2,754.0 (17/2) |
| MONTREAL Portfolio | 1,568.25* | 1,558.28 | 1,558.29 | 1,568.81 | 1,623.33 (18/4) | 1,386.0 (22/1) |

* Indicates pre-close figure

| | June 25 | June 24 | June 23 | June 20 | 1986 High | 1986 Low |
|---|---|---|---|---|---|---|
| **AUSTRALIA** | | | | | | |
| All Ord. (1/1/80) | 1195.7 | 1205.9 | 1214.8 | 1214.7 | 1247.8 (7/5) | 1016.8 (2/1) |
| Metals & Minls. (1/1/80) | 508.5 | 519.2 | 524.4 | 524.6 | 602.8 (24/5) | 461.1 (20.5) |
| **AUSTRIA** | | | | | | |
| Credit Bk Aktien (2/1/62) | 116.42 | 117.84 | 117.51 | 118.45 | 150.69 (28/4) | 119.12 (5/6) |
| **BELGIAN** | | | | | | |
| Brussels SE (1/1/80) | 3676.78 | 3656.64 | 3642.06 | 3620.63 | 3700.16 (24/4) | 2768.81 (15/1) |
| **DENMARK** | | | | | | |
| Copenhagen SE (3/1/83) | 217.4 | 217.51 | 216.5 | 214.48 | 250.70 (19/4) | 214.27 (21/11) |
| **FRANCE** | | | | | | |
| CAC General (31/12/82) | 358.7 | 348.0 | 346.0 | 348.80 | 411.8 (15/5) | 267.8 (2/1) |
| Ind Tendance (31/12/82) | 155.5 | 151.1 | 151.5 | 129.10 | 164.8 (12/6) | 101.8 (2/1) |
| **GERMANY** | | | | | | |
| FAZ Aktien (31/12/58) | 646.98 | 658.02 | 668.69 | 648.72 | 765.08 (17/4) | 618.34 (27/2) |
| Commerzbank (1/12/53) | 1958.5 | 1954.5 | 1578.9 | 1951.8 | 2278.8 (17/4) | 1865.8 (27/2) |
| **HONG KONG** | | | | | | |
| Hang Seng Bank (31/7/64) | 1780.72 | 1788.9 | 1777.15 | 1781.04 | 1985.65 (7/5) | 1559.94 (19/3) |
| **ITALY** | | | | | | |
| Banca Comm Ital. (1972) | 671.71 | 674.86 | 668.28 | 653.84 | 808.20 (20/5) | 454.67 (24/1) |
| **JAPAN**** | | | | | | |
| Nikkei (16/5/49) | 17519.83 | 17542.4 | 17457.89 | 17405.18 | 17516.66 (26/6) | 12881.6 (21/1) |
| Tokyo SE New (4/1/68) | 1355.86 | 1344.0 | 1361.0 | 1344.56 | 1358.86 (25/6) | 1025.85 (21/1) |
| **NETHERLANDS** | | | | | | |
| ANP-CBS General (1970) | 290.1 | 288.9 | 291.9 | 290.6 | 292.5 (2/6) | 240.4 (5/5) |
| ANP-CBS Indust (1970) | 285.9 | 285.6 | 285.3 | 284.5 | 286.7 (18/6) | 234.8 (5/3) |
| **NORWAY** | | | | | | |
| Oslo SE (4/1/83) | 384.6 | 366.61 | 384.84 | 363.09 | 402.91 (19/1) | 332.25 (20.6) |
| **SINGAPORE** | | | | | | |
| Straits Times (30/12/66) | 771.44 | 768.73 | 776.89 | 762.41 | 776.89 (25/6) | 563.04 (28/4) |
| **SOUTH AFRICA** | | | | | | |
| JSE Gold (28/9/78) | — | 1276.8 | 1260.3 | 1262.5 | 1807.9 (27/1) | 1108.1 (21/4) |
| JSE Indust (28/9/78) | — | 1172.6 | 1158.4 | 1152.4 | 1203.1 (20/6) | 1069.5 (2/1) |
| **SPAIN** | | | | | | |
| Madrid SE (30/12/85) | 177.16 | 176.28 | 181.83 | 181.86 | 194.77 (12/5) | 100.85 (8/1) |
| **SWEDEN** | | | | | | |
| Jacobson & P (31/12/56) | 2389.1 | 2403.87 | 2435.16 | (c) | 2451.76 (17/6) | 1729.57 (29/1) |
| **SWITZERLAND** | | | | | | |
| Swiss BankCpn (31/12/58) | 658.2 | 600.5 | 665.0 | 568.6 | 625.6 (8/1) | 554.7 (28/2) |
| **WORLD** | | | | | | |
| M.S. Capital Intl. (1/1/70) | — | 525.1 | 520.2 | 522.2 | 522.2 (21/4) | 249.0 (25/1) |

** Saturday June 21. Japan Nikkei 17454.66, TSE 1348.66.

Base value of all indices are 100 except Brussels SE—1,000, JSE Gold—255.7, JSE Industrial—264.3, and Australia, All Ordinary and Metals—500. NYSE All Common—50; Standard and Poors—10; and Toronto Composite and Metals—1,000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ 400 Industrials plus 40 Utilities, 40 Financials and 20 Transports. c Closed. u Unavailable.

# OVER-THE-COUNTER

*Nasdaq national market, 2.30pm prices*

| Stock | Sales (Hnds) | High | Low | Last | Chng |
|---|---|---|---|---|---|

Continued from Page 33

## LONDON

Chief price changes (in pence unless otherwise indicated)

| RISES | | |
|---|---|---|
| Tr 8 09 (£50pd) | £44⅝ | + £⅜ |
| Adwest | 240 | +20 |
| Bass | 805 | +17 |
| Berisford (S&W) | 235 | + 8 |
| Borthwick (Thos) | 51 | + 4 |
| Burmah Oil | 412 | +22 |
| Cable & Wireless | 705 | +15 |
| ERF | 75 | +18 |
| Executex Clothes | 126 | +14 |
| Fisher (James) | 73 | + 7 |
| Foster (John) | 76 | + 5 |
| Fuller Sm & Trnr | 560 | +55 |
| Hawker Siddeley | 560 | +12 |
| Heath (C E) | 543 | +18 |
| Land Securities | 341 | + 8 |
| MEPC | 353 | + 8 |
| Natwest Bank† | 292pm | + 7 |
| Riley Leisure | 54 | + 8 |
| Scapa | 495 | +23 |
| Victor Products | 124 | + 8 |
| Wight Collins RS | 505 | +17 |
| Willis Faber | 423 | + 8 |

| FALLS | | |
|---|---|---|
| Brown Shipley | 590 | −20 |
| Burgess Products | 236 | −16 |
| Conroy Pet | 115 | −10 |
| Crowther (J) | 159 | − 6 |
| Emess Lighting | 322 | −11 |
| MK Electric | 365 | −20 |
| Stan Chartered | 788 | − 9 |

†Nil-paid

# NEW YORK STOCK EXCHANGE COMPOSITE PRICES

*Prices at 3pm, June 25*

| 12 Month High | Low | Stock | Div. | Yld. | P/E | Sls 100s | High | Low | Close Quote | Ch'ge Prev. Close |
|---|---|---|---|---|---|---|---|---|---|---|
| 25¼ | 12¼ | AAR s | .44 | 1.8 | 22 | 530 | 24⅛ | 23⅛ | 24⅛ | +1⅛ |
| 30 | 21¾ | ADT | .92 | 3.3 | | 232 | 28½ | 27⅜ | 28¼ | +¾ |
| 32 | 11½ | AFG s | | | 21 | 902 | u32¼ | 31⅝ | 32 | +⅛ |
| 25⅜ | 13¾ | AGS | | | 14 | 102 | 18¼ | 18 | 18¼ | |
| 15 | 8⅞ | AMCA | | | | 2 | 12⅝ | 12⅝ | 12⅝ | |
| 60⅝ | 31½ | AMR | | | 11 | 4739 | 55⅝ | 55 | 55⅛ | −⅛ |
| 12½ | 7⅝ | APL | | | 0 | 7 | 10⅞ | 10¾ | 10¾ | |
| 16¾ | 11⅛ | ARX | .71t | 5.9 | 11 | 150 | 12¼ | 11⅞ | 12 | −⅛ |
| 51 | 30¾ | ASA | 2a | 6.3 | | 335 | 31¾ | 31¼ | 31⅛ | +⅛ |
| 18⅜ | 10½ | AVX | | 2.8 | | 253 | 12⅞ | 12⅞ | 12⅛ | +⅛ |
| 32 | 22⅝ | AZP | 2.72 | 9.6 | 7 | 2891 | 27⅞ | 27⅝ | 27⅝ | +¼ |
| 51¾ | 26⅜ | AbtLb s | .84 | 1.6 | 25 | 2508 | u52 | 50⅞ | 51⅞ | +1⅛ |
| 32 | 19⅝ | AccoWd | .56 | 2.0 | 18 | 136 | 28⅝ | 27⅞ | 28 | −⅝ |
| 17¼ | 10 | AcmeC | .40 | 3.2 | | 18 | 12⅝ | 12½ | 12½ | |
| 8¼ | 7 | AcmeE | .32b | 4.0 | 20 | 11 | 8 | 7⅞ | 8 | +⅛ |
| 20¾ | 17 | AdaEx | 1.90e | 9.8 | | 78 | 20 | 19¾ | 19⅞ | −⅛ |
| 33⅜ | 18 | AdmMl | .40 | 1.3 | 15 | 15 | 31⅞ | 31⅝ | 31⅞ | +⅛ |
| 20⅝ | 10¾ | AdvSys | .66t | 4.8 | 9 | 66 | 18⅛ | 17¾ | 18 | |
| 32⅞ | 20⅜ | AMD | | | | 2749 | 21¾ | 21¼ | 21½ | +⅜ |
| 12⅝ | 8 | Adobe s | | | | 4 | 8⅛ | 8 | 8 | |
| 18⅜ | 14⅝ | Adob pf | 1.84 | 11 | | 15 | 16¾ | 16⅝ | 16¾ | +⅛ |
| 20¼ | 15¼ | Adob pf | 2.40 | 12. | | 21 | 19⅝ | 19⅜ | 19⅝ | |
| 18⅝ | 7⅜ | Advest | .12a | .7 | 13 | 135 | 16¾ | 16¼ | 16½ | |
| 66¼ | 42¼ | AetnLf | 2.64 | 4.3 | 11 | 8953 | 61⅞ | 60⅞ | 61½ | +⅝ |
| 57½ | 51½ | AetL | pf4.26e | 8.2 | | 45 | 52⅝ | 52⅜ | 52½ | |
| 28¾ | 6¾ | Ahmns s | .46 | 1.7 | 9 | 10137 | u28⅛ | 26⅝ | 27⅞ | +1½ |
| 5¾ | 2½ | Aileen | | | 180 | 61 | 5⅛ | 4⅞ | 5 | |
| 41⅜ | 25¾ | AirPrd s | .80 | 2.1 | 15 | 3979 | 40 | 38¾ | 38¾ | −1¼ |
| 27¾ | 16⅞ | AirbFrt | .60 | 3.1 | 17 | 58 | 19⅝ | 19⅜ | 19⅜ | −¼ |
| 19¼ | 7⅜ | AlaP | dpl.87 | 9.2 | | 581 | 9⅝ | 9⅜ | 9½ | +¼ |
| 103½ | 75¼ | AlaP | pf 9 | 9.5 | | z140 | 95 | 95 | 95 | |
| 26⅜ | 15¼ | AlskAir | .16 | 1.0 | 10 | 313 | 16⅝ | 16⅜ | 16⅝ | −⅛ |
| 25 | 8¼ | Albrto s | .21 | .9 | 36 | 78 | 23¼ | 22¼ | 22¾ | +⅜ |

[illegible]

Continued on Page 33

# NYSE COMPOSITE PRICES

Continued from Page 32

[illegible]

### X Y Z

| 12 Month High | Low | Stock | Div. | Yld. | P/E | Sls 100s | High | Low | Close | Ch'ge Prev. Close |
|---|---|---|---|---|---|---|---|---|---|---|
| 72¼ | 45⅞ | Xerox | 3 | 5.4 | 13 | 2614 | 56¼ | 55⅝ | 55⅝ | −⅞ |
| 58¼ | 53¼ | Xerox pf5.45 | | 9.7 | | 58 | 56⅛ | 55⅝ | 56 | |
| 29¾ | 20⅝ | XTRA | .64 | 2.8 | | 1569 | 23½ | 22½ | 22¾ | −¼ |
| 17⅞ | 13½ | YorkIn n | | | | 253 | 12 | 10¾ | 10⅞ | |
| 39 | 26¼ | ZaleCp 1.32 | | 3.5 | | 164 | 37¾ | 36½ | 37¾ | +⅜ |
| 10⅜ | 3½ | Zapata .03j | | | | 150 | 4⅞ | 4¼ | 4⅞ | +⅛ |
| 88½ | 47¾ | Zayre | .64 | .7 | 26 | 824 | 88½ | 85⅛ | 88 | +⅞ |
| 43½ | 23⅞ | Zayre wi | | | | 27 | u43⅝ | 43½ | 43½ | +¼ |
| 29⅞ | 10¼ | ZenithE | | | | 946 | 25¼ | 24½ | 25 | +½ |
| 18¼ | 6⅝ | ZenLb s | | | 23 | 1584 | 17½ | 16¾ | 17⅛ | +⅛ |
| 22⅞ | 14⅛ | Zero s | .20 | 1.8 | 17 | 99 | 17⅞ | 17½ | 17⅝ | |
| 45¾ | 32¼ | Zurnin 1.32 | | 3.4 | 14 | 106 | 40 | 38⅝ | 39 | +⅜ |

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a-dividend also extra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E-price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls – sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.



# AMEX COMPOSITE PRICES

*Prices at 3pm, June 25*

[illegible]

# OVER-THE-COUNTER

*Nasdaq national market, closing prices*

[illegible]

Continued on Page 31

# FINANCIAL TIMES
## WORLD STOCK MARKETS

WALL STREET

## Broad-based advance to peaks

DESPITE a reaction in the bond market which lost early half-point gains, Wall Street stocks moved to new peaks yesterday, *writes Terry Byland in New York.*

A broad-based advance in active trading took all the major market indices to new highs, with banking and retail stocks standing out strongly.

At 3pm the Dow Jones industrial average was up 15.83 at 1,891.38 comfortably above the previous peak of 1,885.90 reached on June 6.

Also at new peaks were the Standard & Poor's 500, the Dow and NYSE composites and the American Stock Exchange index.

Initial gains of half a point in bonds brought long-term yields down to about 7.30 per cent, only a few basis points above the lows of the present cycle.

Wall Street's renewed hopes that a flagging economy would force rates down were fuelled this week by predictions of an early cut in the federal discount rate by the chief economist of First Boston. But gains melted away at noon as the market awaited news from the auction on $6.75bn in seven-year Treasury securities.

The stock market's strength lay in those sectors likely to benefit from lower rates and low inflation. However, market analysts warned that some institutional buying represented end-of-quarter programmes which would soon be completed.

Mexico's new attempt to reach accord with the IMF was an additional helpful factor for banks. Manufacturers Hanover, a major creditor in Latin America, gained $1⅛ to $52¾. Chase Manhattan added $1⅜ to $44⅝, Bankers Trust $1⅜ to $50⅝ and J. P. Morgan $1⅞ to $88⅝.

There was heavy buying of tobacco stocks, with Philip Morris up $1⅜ at $74⅝, still responding to the withdrawal of the planned sale of Seven-Up to PepsiCo. Soft-drink companies seem to have a bright future following the federal decision to oppose expansion attempts by PepsiCo and Coca-Cola. Withdrawal of the Seven-Up plan leaves Coca-Cola, up $⅝ at $121⅝ yesterday, to face alone federal opposition to its proposed purchase of Dr Pepper.

American Brands, overlooked in the rise in tobacco stocks earlier this week, jumped $2⅝ to $99⅝ in brisk trading. Reynolds-Nabisco added $⅝ to $54, and United Brands, still responding to a favourable court ruling in a cancer liability case, edged up $⅛ to $42⅝.

Sears Roebuck, which spans the interest-rate and retail-orientated sectors, gained $1⅜ to $48⅝ in heavy turnover.

Another heavy session saw stock in Associated Dry Goods rise $⅝ to $66⅝, just above the planned offer from May Department Stores which fell $1⅜ to $81 as Wall Street scented that the board might have to increase its offer for Dry Goods.

A gain of $1⅜ to $148⅜ in IBM reflected no more than moderate turnover but spurred other technology stocks, which featured Honeywell, up $1⅞ at $76, and Digital Equipment, up $1⅜ at $86⅝.

Walt Disney jumped $2⅝ to $52⅝ on favourable brokerage reviews. Fruehauf gained $2 to $48⅝, with more than 2m shares trading on news of leveraged buy-out terms of $48.50 a share cash.

The Detroit car stocks edged higher despite caution over the latest industry sales figures. General Motors added $⅝ to $77⅝, Ford $⅝ to $55 and Chrysler $⅛ to $35⅝ – but all saw modest trading.

Early weakness in the dollar boosted pharmaceuticals, where Pfizer gained $1⅛ to $70⅝ and Abbott Laboratories $1⅛ at $51⅝. Chemicals were steady, with Monsanto standing out at $73, a gain of $1⅛.

In the credit market, short-term rates again made little response to the optimism at the longer end of the bond market. Treasury-bill rates shaded behind federal funds at 6⅞ per cent. By midsession bonds had lost their early gains and showed little net change from overnight.

LONDON

THE REVIVAL of interest in gilt-edged securities continued in London, and once again the authorities were able to supply stock. Sterling's fresh advance against the dollar was also a stimulant.

Most of the action in the gilt market was at the longer end, and selected stocks rose up to ⅞ before easing to close a net ¾ up.

A more convincing resumption of last week's good rise in equities owed much to Tuesday's advance on Wall Street. Cash shortages were obvious because of the heavy subscriptions to the Thames TV and Morgan Grenfell share flotations.

The FT-SE 100 share index eased back from an early high of 1,633.4 to end 4.5 up on the session at 1,629.4. A rise in the FT Ordinary was similarly reduced, from an early 6.9 points to one of 5.4 at the close of 1,344.6.

*Chief price changes, Page 31; Details, Page 30; Share information service, Pages 28–29*

HONG KONG

PERSISTENT SELLING of property shares, largely by foreign investors, left Hong Kong easier although other sectors were mostly quiet with many institutions having already closed their books for half-year end.

The Hang Seng index eased 4.18 to 1,759.72 on turnover that fell from 231m shares to 179m for the regular half-day session.

Cheung Kong shed 10 cents to HK$20.60, Hongkong Wharf 15 cents to HK$6.95 and Sun Hung Kai Properties 10 cents to HK$12.30.

A market rumour that HK-TVB might merge with Shaw Brothers, of which it is an associate, prompted speculative buying that took the Shaw shares up 10 cents to HK$2.675. HK-TVB eased 5 cents to HK$7.20.

SINGAPORE

A RESURGENCE of buying interest overcame early profit-taking in Singapore, leaving the Straits Times industrial index up 5.71 at 771.44 after another active day.

Industrials were generally firm, with New Straits Times 31 cents ahead at S$5.15 and Cerebos 16 cents higher at S$3.42. Banks were mixed, but properties were mixed to firmer.

Malaysian issues, which have lagged behind their Singapore counterparts in recent weeks, were more prominent as a Cabinet committee was established to cut red tape and speed approval of the investment plans of foreigners, particularly from Japan, Britain and the US.

AUSTRALIA

NERVOUSNESS over the outlook for the economy, reinforced by the sharp declines in the local currency during the past two days, left Sydney lower.

The All Ordinaries index fell 11.3 to 1,921.5, undermined by international selling of Australian shares and tax-loss operations ahead of the end of the financial year.

Hooker, which rose 23 cents on Tuesday after the announcement that it had been awarded the Sydney casino contract, continued higher in early trading before turning back to end a net 15 cents lower at A$2.83.

SOUTH AFRICA

LACK OF DEMAND left Johannesburg gold shares lower after a quiet session, despite a firmer bullion price.

Vaal Reefs fell R4 to R228, and Kloof was R1.30 down at R24.20. Randfontein proved an exception picking up R7 to R297.

Most other minings followed the downward drift, with Rustenburg Platinum 25 cents lower at R37.25 and De Beers 15 cents easier at R28.10.

CANADA

INDUSTRIALS led most Toronto sectors higher in active trading. British Columbia Forest Products traded C$⅛ up to C$14⅝, Moore added C$⅛ to C$35⅝ and Bank of Nova Scotia rose C$⅝ to C$16⅝.

Among metals and mines Alcan traded C$⅝ up to C$42⅝, and Noranda advanced C$⅛ to C$16⅝.

In Montreal industrials, utilities and banks traded largely unchanged.

TOKYO

## GDP figures spur hopes of rate cut

EXPECTATIONS of lower interest rates, in the wake of data showing the first contraction of the Japanese economy for 11 years, spurred renewed buying that took Tokyo shares back to record-setting ways, *writes Shigeo Nishiwaki of Jiji Press.*

The Nikkei average added 174.23 to a record 17,516.63 in contrast to Tuesday's 115.49 loss. Transactions totalled 820.88m shares, down from Tuesday's 864.84m. Gains led losses 534 to 333, with 132 issues unchanged.

The poor GNP showing for the first quarter boosted investor hopes for a fourth cut in the official discount rate and active government measures to boost the economy.

Large-capital stocks remained volume leaders, with individual investors following institutions in seeking capital gains. However, buying began to shift from steel, shipbuilding and chemical issues to heavy electricals and cotton spinners.

Ishikawajima-Harima Heavy Industries, for example, has more than doubled from a low of Y150 early in the year, offering little hope of further gains, and many institutional investors started turning to lagging issues.

Nippon Kohan and Ishikawajima-Harima were both actively traded. They closed unchanged at Y187 and Y297, respectively. However, Toyobo climbed Y24 to Y416 with investors attracted by the company's huge off-the-book assets. Toshiba rose Y12 at one stage but closed a net Y3 lower at Y437 on profit-taking.

Stocks that may benefit from budget measures – notably general contractors – were in demand. Obbayashi rose Y23 to Y683, and Taisei gained Y21 to Y580. Leading trading houses also rose, with Mitsui and Co and C. Itoh rising Y20 to Y500 and Y19 to Y543, respectively.

Increasing demand for carbon fibres pushed up Toray and Toho Rayon by Y24 to Y604 and Y53 to Y680, respectively. Yokyo Tatemono advanced Y90 to Y1,550 on speculator interest while Nippon Television Network added Y1,200 to Y12,600.

Elsewhere, Sanden went up Y103 to Y1,050 and Morinaga Milk Industry Y40 to Y664.

Bond prices started higher, reflecting hopes of another discount-rate cut, but profit-taking later braked the rise. The yield on the barometer 6.2 per cent government bond maturing in July 1995 fell from 4.810 per cent on Tuesday to 4.710 per cent but picked up to finish at 4.730. Observers said financial institutions were poised to sell the bonds at 4.710 per cent and that buying energy was not strong enough to meet such heavy selling.

In futures trading, September contracts for government bonds added Y0.38 to Y102.98 but could not top Y103 under selling pressure, retreating to Y102.80. Observers said market attention was beginning to focus on whether bonds could break these barriers.

EUROPE

## Unsettled outlook for exporters

CONCERN over the prospects for companies with substantial exports to the US took its toll on the European bourses in the wake of a further weakening of the dollar.

**Frankfurt** failed to sustain early strength and closed weaker on balance in thin and uncertain trading. The Commerzbank index, calculated at midsession, added 2.2 to 1,954.3.

In the electrical sector Siemens, one of the groups involved in talks on joint European microchip research, lost DM 1.50 to DM 632.50. AEG was down DM 3 to DM 305.

Car manufacturers, unsettled by the concern over exports, closed lower. Daimler fell DM 14.50 to DM 1,350.5, VW DM 13 to DM 535 and BMW DM 2 to DM 585.

BASF, ahead of its annual meeting tomorrow, suffered a DM 5.50 setback to DM 279.50

Among banks Dresdner closed DM 1 down to DM 414.50, and Commerzbank was 30 pfg down at DM 307.20. However, Deutsche closed DM 1 higher at DM 777.50 following its DM 15.50 fall on Tuesday, the biggest in the sector.

Another bright spot in the otherwise dull session was Allianz, which put on DM 30 to DM 2,390 on news of a one-for-15 rights issue and increased payout.

In contrast to the equity market, bonds were actively traded, and prices ended the sessioo higher. Longs added between 25 basis points and 60 basis points.

The recent 5¾ per cent 1996 federal government bond rose 60 basis points to close at 99.45 while the 6 per cent 2016 tranche added 30 basis points to 98.10.

The Bundesbank sold DM 120.8m worth of paper after buying DM 4.1m on Tuesday.

**Amsterdam** lacked sparkle under the influence of the weaker dollar and closed mixed.

Internationals, however, which suffered from selling on Tuesday, regained some of their losses to close generally higher. Royal Dutcb added Fl 4 to Fl 201, Unilever Fl 1.50 to Fl 465, Hoogovens 50 cents to Fl 113.20 and Philips, also involved in the joint microchip venture, 20 cents to Fl 53.90.

The financial sector also showed improvement. Among banks ABN rose Fl 4.50 to Fl 586, Amro Fl 1.30 to Fl 106.80 and NMB Fl 1 to Fl 197 while insurers NatNed rose 20 cents to Fl 86.30 and Amev 10 cents to Fl 60.40. However, Aegon fell 40 cents to Fl 109.30.

**Zurich** closed mixed with a marginally firmer bias.

Among hanks Swiss Bank rose SFr 2 to SFr 538 although bank Leu went against the trend, falling SFr 75 to SFr 3,525.

Swissair lost SFr 30 to SFr 1,620 while shares of engineering group Fisher, which has announced higher sales, rose 75 cents to SFr 1,625. Nestlé closed SFr 5 up at SFr 6,300.

**Milan's** upward trend earlier this week came to an end as institutions moved to the sidelines. After-hours trading, however, erased the losses of some shares including Fiat and Montedison. At the close Fiat was L190 down at L11,530 but later rose to L11,850, and Montedison, down L39 down to L3,250 at the close, rallied after hours to L3,380.

**Brussels**, in contrast to other bourses, scored some healthy gains as confidence returned.

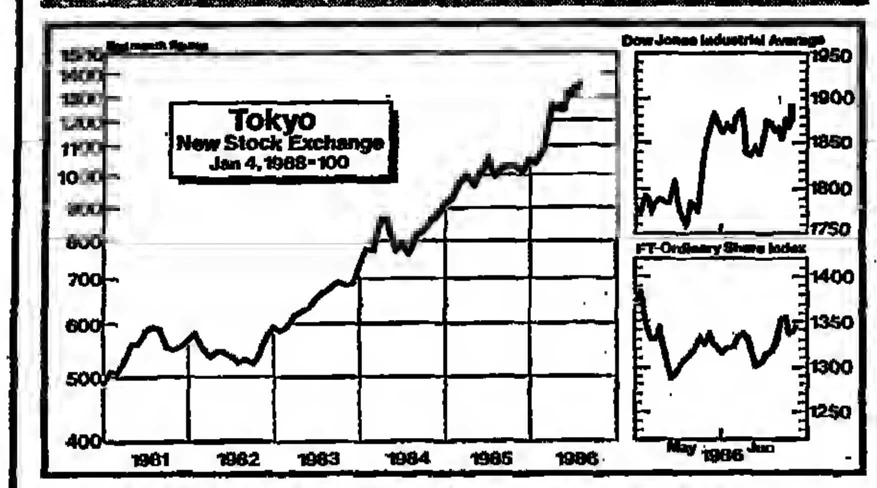
Petrofina continoed buoyant on strong first-half forecasts adding BFr 180 to BFr 6,530. Also in the oil sector Cometra rose BFr 95 to BFr 2,920.

**Stockholm** drifted lower although prices recovered marginally towards the end of the session. According to central bank figures sales of stock in Volvo by foreign investors caused a net inflow from abroad of Swedish shares totalling SKr 423m during May.

**Oslo** closed lower ending an 11-day upward trend, and **Madrid** fell in quiet trading.

Renewed buying interest at home and abroad took **Paris** higher.

### KEY MARKET MONITORS




**STOCK MARKET INDICES**

| | June 25 | Previous | Year ago |
|---|---|---|---|
| **NEW YORK** | | | |
| DJ Industrials | 1,891.38* | 1,875.55 | 1,323.03 |
| DJ Transport | 784.75* | 781.13 | 650.98 |
| DJ Utilities | 192.96* | 191.04 | 164.50 |
| S&P Composite | 249.54* | 245.26 | 189.74 |
| **LONDON** | | | |
| FT Ord | 1,344.8 | 1,339.4 | 936.5 |
| FT-SE 100 | 1,629.4 | 1,624.9 | 1,248.3 |
| FT-A All-share | 804.98 | 601.84 | 598.14 |
| FT-A 500 | 888.98 | 886.12 | 651.35 |
| FT Gold mines | 193.5 | 203.7 | 439.0 |
| *FT-A Long gilt* | 9.33 | 9.38 | 10.62 |
| **TOKYO** | | | |
| Nikkei | 17,516.63 | 17,342.40 | 12,837.0 |
| Tokyo SE | 1,353.86 | 1,344.90 | 1,025.58 |
| **AUSTRALIA** | | | |
| All Ord. | 1,195.7 | 1,205.6 | 860.8 |
| Metals & Mins. | 509.5 | 519.2 | 512.5 |
| **AUSTRIA** | | | |
| Credit Aktien | 116.42 | 117.84 | 102.37 |
| **BELGIUM** | | | |
| Belgian SE | 3,676.78 | 3,656.64 | 2,316.17 |
| **CANADA** | | | |
| **Toronto** | | | |
| Metals & Minls | 2,141.2* | 2,129.9 | 1,889 |
| Composite | 3,069.1* | 3,058.1 | 2,708.7 |
| **Montreal** | | | |
| Portfolio | 1,560.25* | 1,550.29 | 132.36 |
| **DENMARK** | | | |
| SE | 217.40 | 217.31 | 194.97 |
| **FRANCE** | | | |
| CAC Gen | 353.70 | 346.60 | 229.0 |
| Ind. Tendence | 133.50 | 131.10 | 83.8 |
| **WEST GERMANY** | | | |
| FAZ-Aktien | 646.86 | 650.02 | 484.21 |
| Commerzbank | 1,956.50 | 1,954.30 | 1,433.2 |
| **HONG KONG** | | | |
| Hang Seng | 1,759.72 | 1,763.90 | 1,575.15 |
| **ITALY** | | | |
| Banca Comm. | 671.71 | 674.86 | 336.24 |
| **NETHERLANDS** | | | |
| ANP-CBS Gen | 290.10 | 288.90 | 211.0 |
| ANP-CBS Ind | 283.90 | 283.00 | 174.8 |
| **NORWAY** | | | |
| Oslo SE | 364.60 | 366.01 | 325.75 |
| **SINGAPORE** | | | |
| Straits Times | 771.44 | 765.73 | 793.47 |
| **SOUTH AFRICA** | | | |
| JSE Golds | – | 1,276.0 | 1,007.0 |
| JSE Industrials | – | 1,172.5 | 978.8 |
| **SPAIN** | | | |
| Madrid SE | 177.16 | 178.28 | 77.66 |
| **SWEDEN** | | | |
| J & P | 2,399.10 | 2,403.97 | 1,311.70 |
| **SWITZERLAND** | | | |
| Swiss Bank Ind | 559.20 | 560.50 | 441.9 |
| **WORLD** | June 24 | Prev | Year ago |
| MS Capital Int'l | 323.10 | 320.2 | 213.3 |

**COMMODITIES**

| (London) | June 25 | Prev |
|---|---|---|
| Silver (spot fixing) | 337.20p | 334.35p |
| Copper (cash) | £897.50 | £919.50 |
| Coffee (September) | £1,684.50 | £1,766.00 |
| Oil (Brent blend) | $11.45 | $11.30 |

**GOLD (per ounce)**

| | June 25 | Prev |
|---|---|---|
| London | $344.25 | $342.45 |
| Zürich | $344.25 | $342.20 |
| Paris (fixing) | $343.93 | $341.78 |
| Luxembourg | $343.20 | $341.05 |
| New York (Aug) | $347.1 | $345.20 |

**CURRENCIES**

| | US DOLLAR | | STERLING | |
|---|---|---|---|---|
| (London) | June 25 | Previous | June 25 | Previous |
| $ | – | – | 1.517 | 1.517 |
| DM | 2.2160 | 2.2220 | 3.3625 | 3.37 |
| Yen | 166.0 | 166.6 | 251.75 | 252.75 |
| FFr | 7.065 | 7.0825 | 10.7175 | 10.745 |
| SFr | 1.8175 | 1.822 | 2.7575 | 2.765 |
| Guilder | 2.494 | 2.502 | 3.785 | 3.795 |
| Lira | 1,518.5 | 1,523 | 2,303.5 | 2,311 |
| BFr | 45.25 | 45.5 | 68.65 | 69.05 |
| C$ | 1.3855 | 1.3855 | 2.1060 | 2.0955 |

**INTEREST RATES**

| | June 25 | Prev |
|---|---|---|
| **Euro-currencies** (3-month offered rate) | | |
| £ | 9⅞ | 9⅞ |
| SFr | 5⅛ | 5[11/16] |
| DM | 4⅝ | 4⅝ |
| FFr | 7[5/16] | 7⅛ |
| **FT London Interbank fixing** (offered rate) | | |
| 3-month US$ | 6[13/16] | 7 |
| 6-month US$ | 6[15/16] | 7 |
| **US Fed Funds** | 6[13/16]* | 6⅞ |
| **US 3-month CDs** | 6.55* | 6.925 |
| **US 3-month T-bills** | 6.065* | 6.25 |

**US BONDS**

**Treasury**

| | | June 25 | | Prev | |
|---|---|---|---|---|---|
| | | Price | Yield | Price | Yield |
| 7¼ | 1988 | 100[1/32] | 6.932 | 100[3/32] | 6.96 |
| 7⅜ | 1993 | 99[30/32] | 7.40 | 99[22/32] | 7.42 |
| 7⅜ | 1996 | 99[21/32] | 7.423 | 99[14/32] | 7.45 |
| 7¼ | 2016 | 98[23/32] | 7.356 | 98[17/32] | 7.37 |

*Source: Harris Trust Savings Bank*

**Treasury Index**

| Maturity (years) | Return index | June 25* Day's change | Yield | Day's change |
|---|---|---|---|---|
| 1–30 | 152.41 | +0.65 | 7.46 | –0.09 |
| 1–10 | 144.79 | +0.43 | 7.30 | –0.09 |
| 1– 3 | 136.13 | +0.20 | 7.03 | –0.07 |
| 3– 5 | 146.63 | +0.52 | 7.48 | –0.11 |
| 15–30 | 179.77 | +1.19 | 8.02 | –0.07 |

*Source: Merrill Lynch*

| Corporate | June 25* Price | Yield | Prev Price | Yield |
|---|---|---|---|---|
| AT & T | | | | |
| 3⅞ July 1990 | 90⅛ | 6.73 | 90 | 6.78 |
| SCBT South Central | | | | |
| 10⅞ Jan 1993 | 106⅛ | 9.61 | 106⅛ | 9.61 |
| Phibro-Sal | | | | |
| 6 April 1996 | 98 | 8.25 | 93 | 8.30 |
| TRW | | | | |
| 8⅞ March 1996 | 102½ | 8.30 | 102½ | 8.37 |
| Arco | | | | |
| 9⅞ March 2016 | 104.18 | 9.46 | 104⅛ | 9.50 |
| General Motors | | | | |
| 8⅛ April 2016 | 92½ | 8.82 | 91⅝ | 8.96 |
| Citicorp | | | | |
| 9⅞ March 2015 | 98.64 | 9.56 | 97⅞ | 9.60 |

*Source: Salomon Brothers*

**FINANCIAL FUTURES**

| CHICAGO | Latest | High | Low | Prev |
|---|---|---|---|---|
| **US Treasury Bonds (CBT)** 8% 32nds of 100% | | | | |
| Sept | 98–31 | 99–11 | 98–25 | 98–08 |
| **US Treasury Bills (IMM)** $1m points of 100% | | | | |
| Sept | 94.31 | 94.33 | 94.29 | 94.25 |
| **Certificates of Deposit (IMM)** $1m points of 100% | | | | |
| Sept | n/a | n/a | n/a | 93.60 |
| **LONDON** | | | | |
| **Three-month Eurodollar** $1m points of 100% | | | | |
| Sept | 93.37 | 93.39 | 93.36 | 93.32 |
| **20-year Notional Gilt** £50,000 32nds of 100% | | | | |
| Sep | 122–22 | 122–29 | 122–14 | 121–30 |

* *Latest available figures*

## Contracts and Tenders



## Legal Notices

1986 No. MP 1018
IN THE SUPREME COURT OF HONG KONG
HIGH COURT
MISCELLANEOUS PROCEEDINGS

IN THE MATTER OF CANADIAN & ORIENTAL OIL LTD
and
IN THE MATTER of the Companies Ordinance (Chapter 32)

NOTICE IS HEREBY GIVEN that e Petition was on the 13th day of June 1986 presented to the Supreme Court of Hong Kong for the sanctioning of e Scheme of Arrangement dated 17th May 1986 between the above-named Company and the holders of its Ordinary Shares of US$1.00 each (other than those which are beneficially owned by Ranger Oil Limited) and for the confirmation of the reduction of the capital of the ebove-named Company from US$10,000,000 to US$4,370,390 involved therein.

AND NOTICE IS FURTHER GIVEN that the said Petition is directed to be heard before the Honourable Mr Justice Jones et the Supreme Court, No. 38 Queensway, Hong Kong, on Friday, the 4th July 1986 at 9.30 o'clock in the forenoon.

ANY creditor or shareholder of Canadian & Oriental Oil Limited desiring to oppose the making of an Order for the confirmation of the said reduction of capital should appear at the time of the hearing in person or by Counsel for that purpose.

A copy of the said Petition will be furnished to any such person requiring the same by the under-mentioned solicitors on payment of the regulated charge for the same.

DATED the 26th dey of June 1986

JOHNSON, STOKES & MASTER
11th Floor, Alexandra House
16-20 Chater Road, Hong Kong
Solicitors for the above-named company